Summary of Financial Results for Q3 FY2014

Recruit Holdings Co., Ltd.

Results for Q3 FY2014

■Consolidated Earnings Summary

With regard to our YTD earnings results ended Q3, net sales remained at an increase of 7.6% YoY while EBITDA decreased 3.8%. This was mainly due to the change in launch timing of products for prospective new graduates such as *'RIKUNABI'* from Q3 in the previous fiscal year to Q4 of this year. The impact is incorporated into the full-year forecast announced at the beginning of the term and will disappear by Q4.

For your reference, we have shown the earnings results of last year's Q3 minus the earnings results of the new graduate product, which had an effect on this term's earnings. In this case, this term's net sales would represent an increase of 9.6%, and EBITDA an increase of 4.7% YoY.

Net income decreased 11.8% YoY due to increases in goodwill amortization and depreciation as well as the impact of the aforementioned change in timing. Net sales from overseas business were 244.0 billion yen, an increase of 18.1% YoY.

Compared to our forecast, this term's results were favorable due to the strong progress of some businesses as well as appropriate control of investment timing and usage of costs by taking into account the business environment and other factors.

Our target is to achieve mid to high single digit EBITDA growth, and available capacity will be allocated to enhancing existing businesses and to investment in growth. Since we plan to allocate excess capacity gained until Q3 to various areas such as promotion of the IT strategy in Q4, there will be no changes to the forecast of financial results for full-year FY2014 announced in May.

■Marketing Media

Net sales were 239.6 billion yen, an increase of 3.5% YoY, and EBITDA was 72.4 billion yen, an increase of 2.3% YoY. Net sales in the Life Event operations trended solidly YoY, but those in the Lifestyle operations rose 7.3% reflecting favorable trend.

As for the Life Event operations, in the housing and real estate business, the market environment remained weak due mainly to the rise in the consumption tax. Net sales decreased 3.7%, reflecting the large impact on the condominium apartment division, although there was some improvement from Q2. At the same time, independent housing division and leasing division continued to trend favorably. In the bridal business, net sales trended solidly YoY.

In the Lifestyle operations, the travel business trended favorably as unit price of hotels and other

accommodations as well as the total number of users of our services continued to increase. As a result, net sales grew 8.8%. The beauty business saw substantial growth with net sales of 17.4% due mainly to the introduction of *'SALON BOARD'*. At the same time, the dining business increased 2.0%. This was mainly due to the impact of earnings from major clients such as "izakaya" chains. The number of paying clients due to the introduction of *'Air REGI'*, etc. steadily increased approximately 17.0% YoY.
The number of registered accounts for the *'Air REGI'* service, which we launched in November 2013, exceeded 100,000 at the end of November 2014 and continues to increase.
We have made aggressive efforts over the past year in forming alliances with external partners and developing new features, and we aim to gain new clients by offering to reduce their operational load as well as improving user convenience by accelerating such efforts.
For the third quarter year-to-date, number of online users for *'Hot Pepper Gourmet'* was 16.96million, whereas number of online reservations for *'HotPepper Beauty'* was 21.20million, both shows high achievement.

■HR Media

Net sales remained at 206.9 billion yen, an increase of 7.4% YoY, while EBITDA decreased 10.1% to 50.5 billion yen due to the change in launch timing of products for prospective new graduates, such as *'RIKUNABI'*.
Domestic recruiting, which was subject to this specific factor, saw a decrease of 0.9%, while other divisions were robust. Net sales of mainly mid-career and part-time/temporary worker services, which account for about 80 percentage of domestic recruiting, had no change in the favorable trend effect, since Q3 earnings results are +7.0% YoY and also +9.9% for the first nine-month period. Please note that Q3 FY2014 figures are relatively high due to some advertisement products. Full-year net sales of the domestic recruiting business are expected to trend towards mid/single digit growth.
In overseas recruiting, net sales rose 84.7% YoY, reflecting continued smooth growth in service used by small and medium-sized clients. We anticipate solid growth in Q4. We note that the positive impact of the weak Yen to net sales was 1.9 billion yen. Excluding this impact, our net sales growth was 73.3%.

■Staffing

Net sales were 497.1 billion yen, an increase of 9.9% YoY and EBITDA was 30.5 billion yen, an increase of 14.7%, reflecting a gradual recovery in the market environment both in domestic and overseas.
In the domestic staffing operations, net sales rose 8.5% YoY, reflecting solid net sales at both

Recruit Staffing and Staff Service. We anticipate solid growth in Q4.

In the overseas staffing operations, net sales were up 11.9% YoY, trended favorably reflecting steady growth in the real GDP in the US and UK. Also, we are continuing to implement our distinct operational and financial management method that we refer to as “unit management system”, to the overseas Staffing entities. Consequently, we are making solid progress in improving EBITDA margin. We note that the positive impact of the weak Yen to net sales were 15.3 billion yen. Excluding this impact, net sales growth was 3.7%.

As we announced on January 14, 2015, we have decided to acquire as our subsidiaries two Australian staffing companies, Chandler Macleod, for which a contract has been concluded, and Peoplebank. Stable growth is expected in Australia’s staffing market and this transaction will enable us to make a full-scale entry into the Australian market. The impact of this transaction on this term’s earnings results will be minor.

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■Forecast of Financial Results for full-year FY2014

As we have indicated, there will be no changes to the full-year forecast currently published.

We expect EBITDA, which is our key management index, to reach 191.0 billion yen, and we intend to allocate available capacity to enhancing existing businesses and to investment in growth.

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