

Acquisition of a staffing company in the Netherlands: **USG People**

December 22, 2015



Recruit Holdings Co., Ltd.

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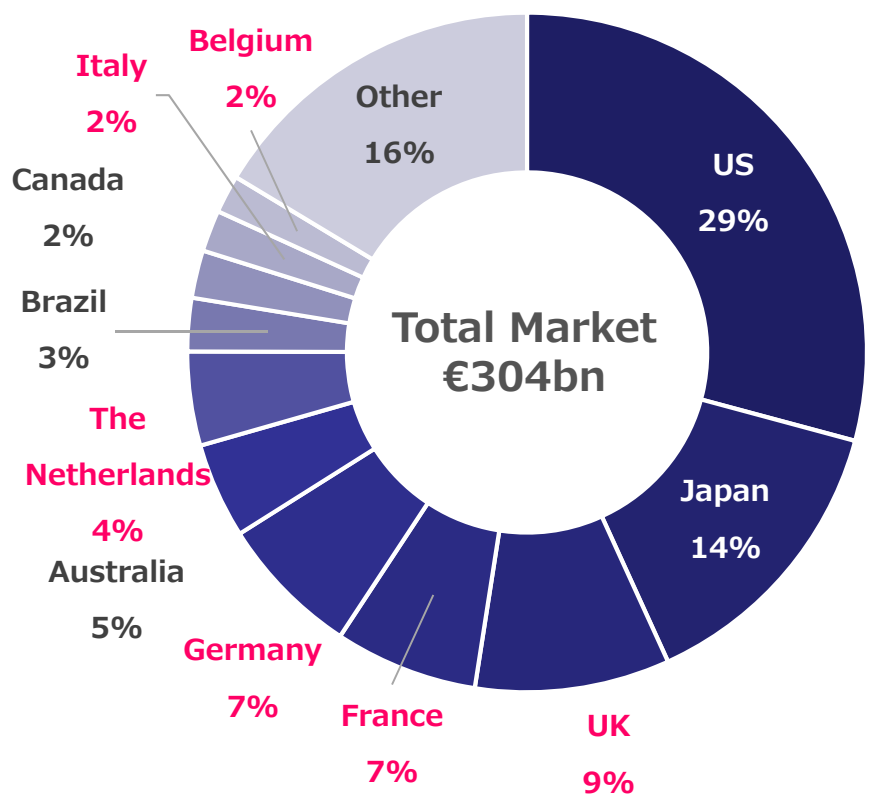
1. Transaction Highlights

- Entering attractive €94 bn **EU Staffing Market**⁽¹⁾
- Acquire a **firm foothold** in EU
- Aim to further improve the EBITDA margin by applying our **“Unit Management”** expertise developed in Japan

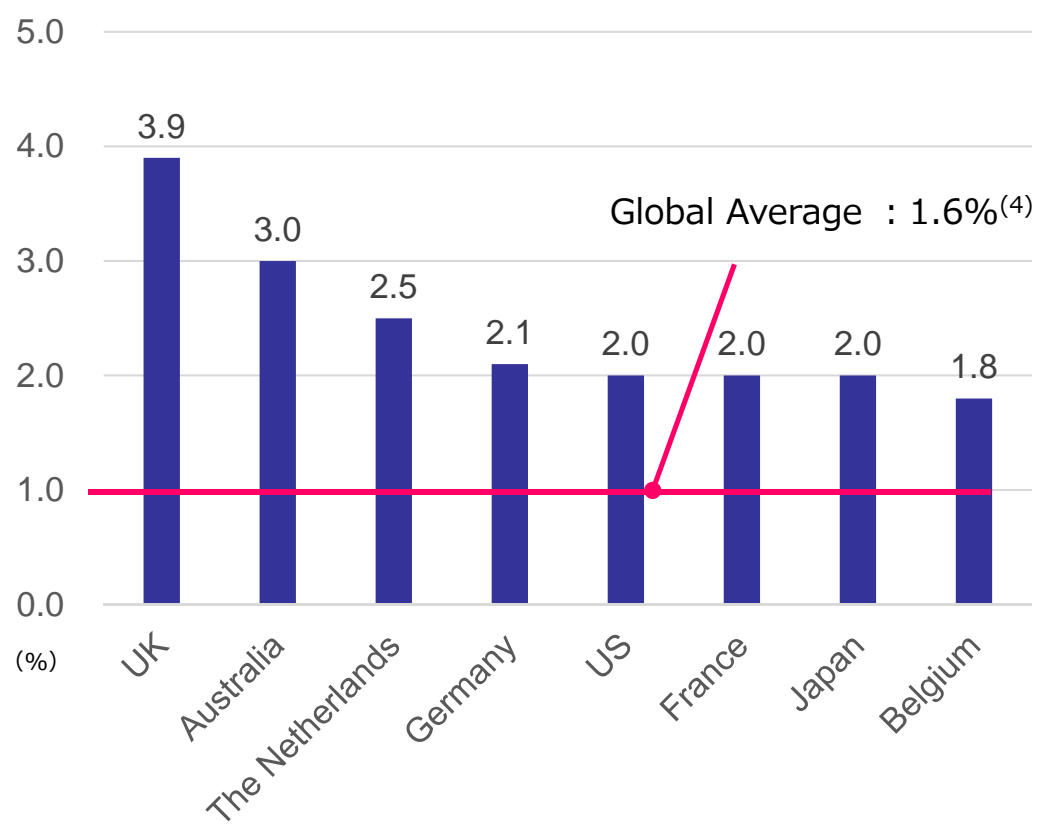
2. Staffing Market in EU – Market Scale –

- A €304 bn (¥40 trn) global market: mainly in countries with mature economies
 - A €94 bn (¥12trn)⁽¹⁾ attractive EU market with 30% of global market share
- EU market has a high staffing penetration rate

Global staffing markets (2014)⁽²⁾



Staffing market penetration rate⁽³⁾



(1) Sum of shares in UK, France, Germany, Netherlands, Italy, and Belgium
 (2) Source: "Staffing Industry Analysts 2013"

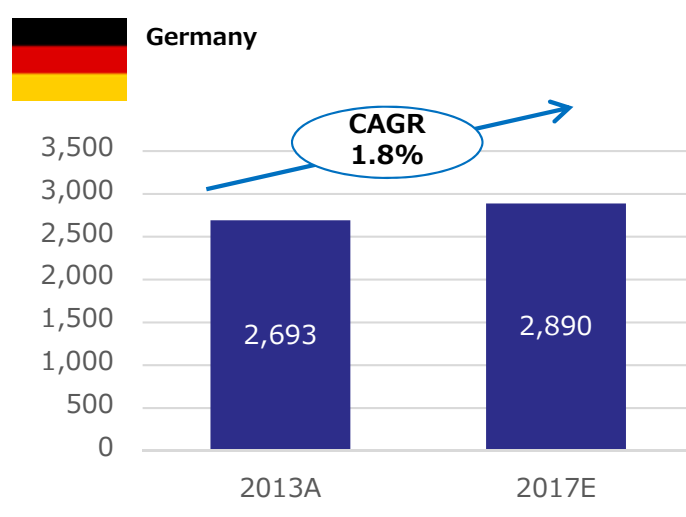
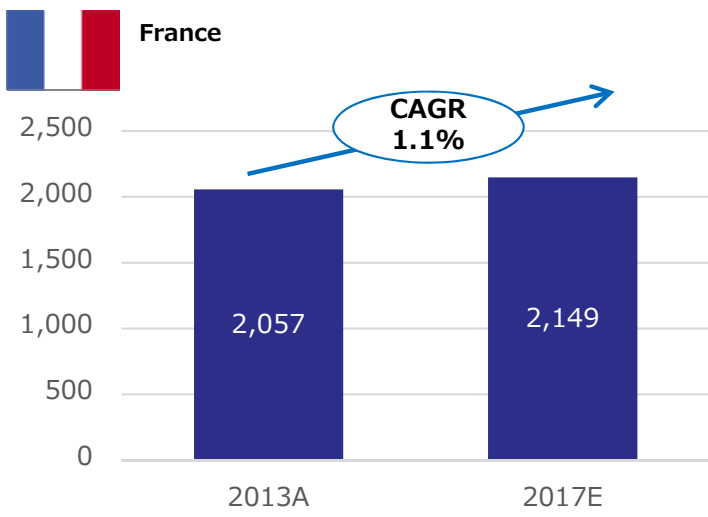
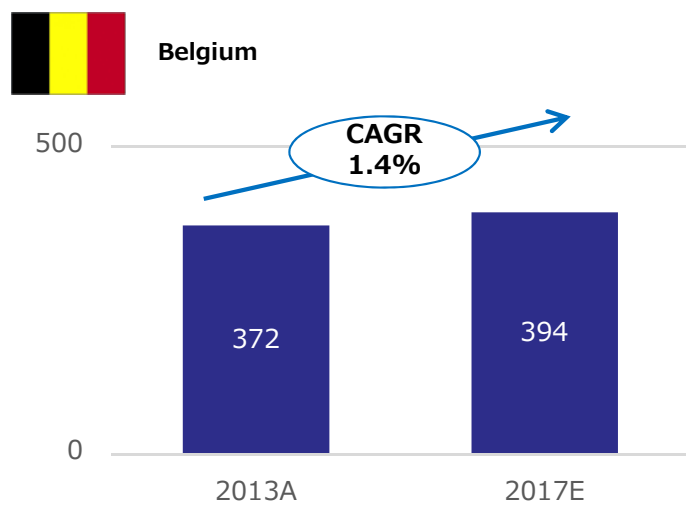
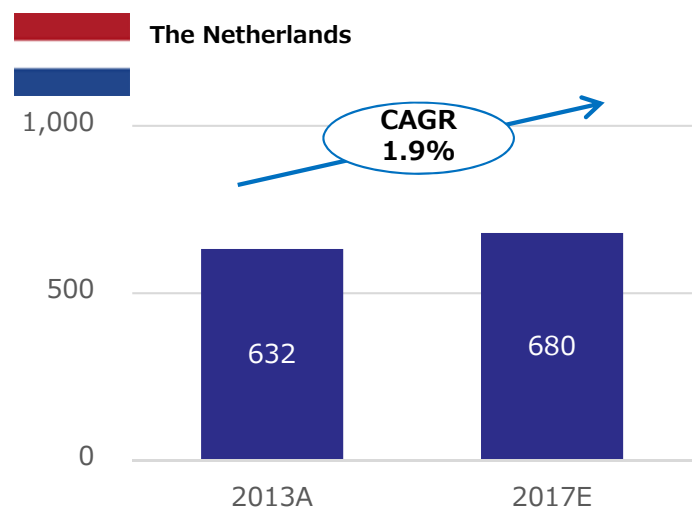
(3) The penetration ratio is calculated by dividing the temporary staffed by the entire labor population.
 (4) The above ranking does not include China due to the lack of comparable statistical data.
 Source: Ciett 'Economic Report 2015'



2. Staffing Market in EU – GDP Growth –

■ EU GDP Growth Rate Forecast: solid expected growth



Real GDP Growth Forecast (€bn)



Source: European Commission (Eurostat) via Bloomberg

■ Dutch staffing company listed on the Euronext Amsterdam Stock Exchange

Company Profile

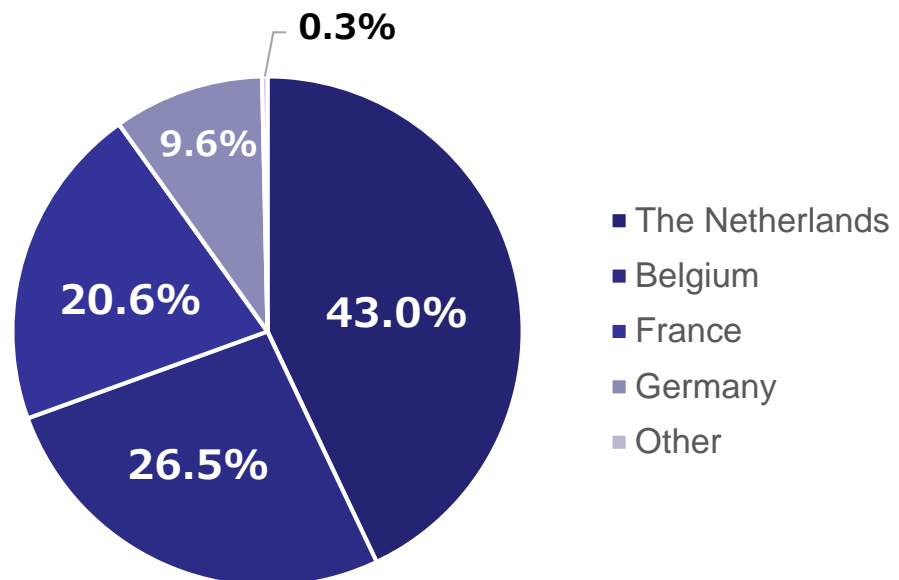
Company	USG People N.V.
Established	December 21, 1917
HQ	Almere, the Netherlands
Listed/Private	Listed (Euronext Amsterdam Stock Exchange)
Financial Performance	Net Sales : €2,355m in FY2014 EBITDA : €93m in FY2014 (3.9% margin)
Indirect Personnel	4,821 FTE (FY2014 average)
Direct Personnel	58,031 FTE (FY2014 average)
Core Countries	Four countries (the Netherlands, Belgium, France, Germany)
Business	HR services business
Management	 CEO Rob Zandbergen  CFO Leen Geirnaerd

3. Overview of USG People – Sales by country/segment –

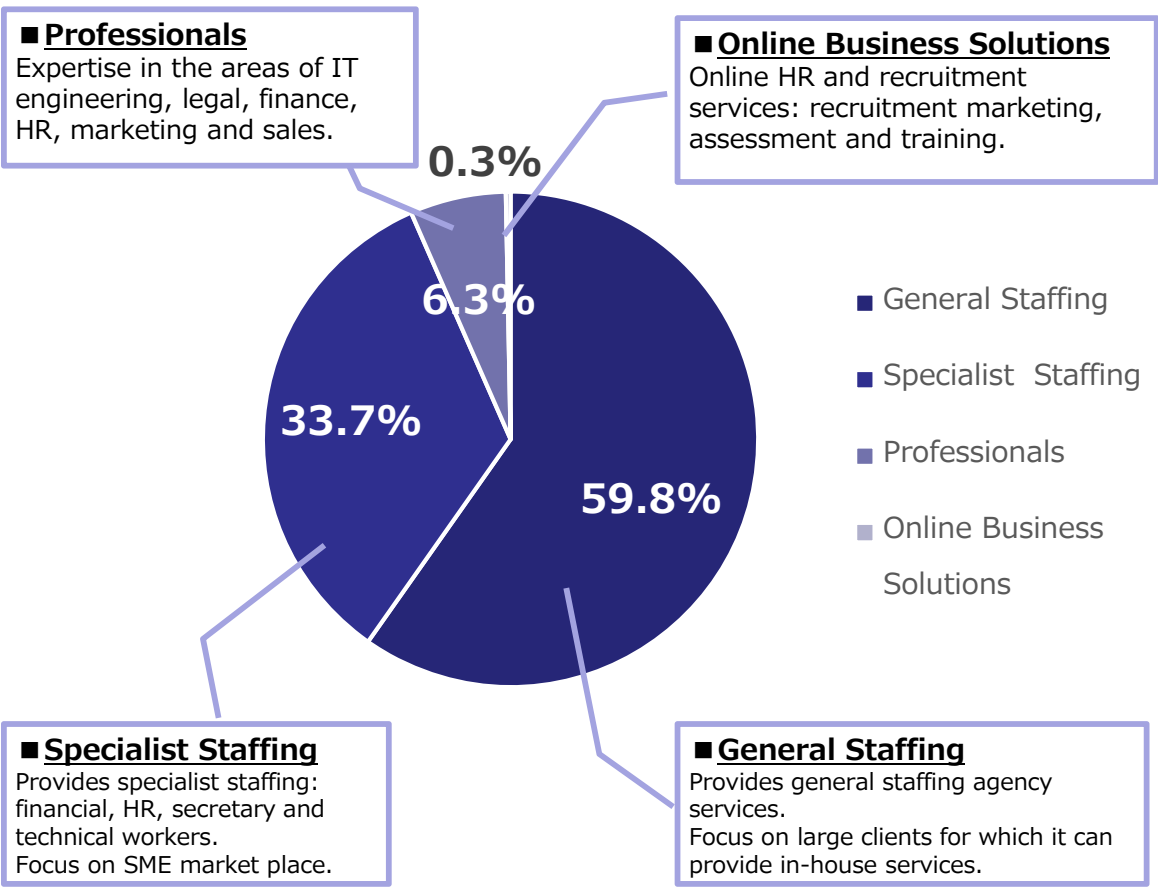


- Operating in EU countries with high staffing penetration rate
 - Focus on the Netherlands, Belgium, France and Germany
- Diverse Staffing Services: from General Staffing to Specialist Staffing

Net Sales by Country⁽¹⁾



Net Sales by Segment⁽²⁾

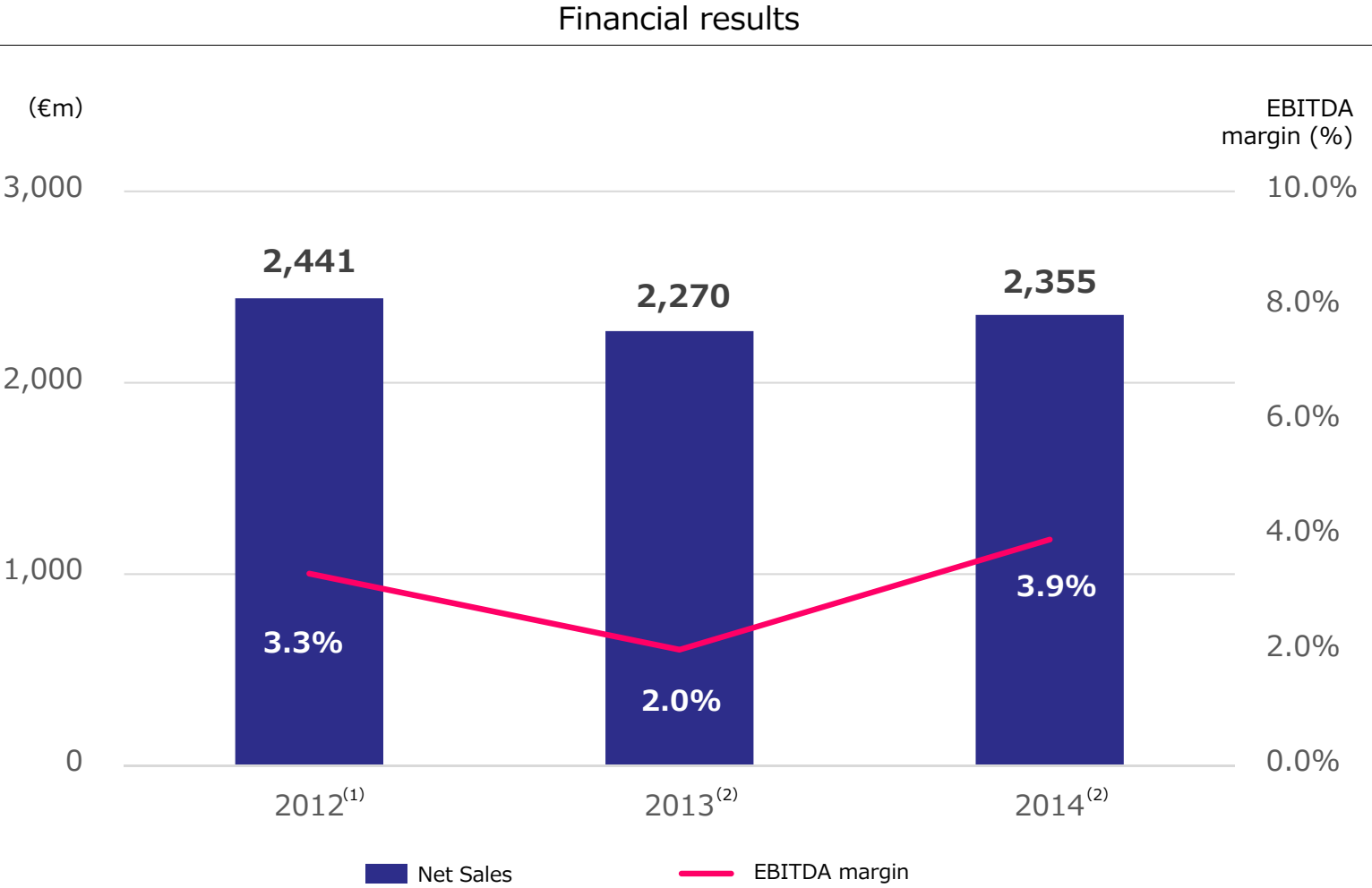


(1)(2) Source : USG People (2014 Annual Report)

3. Overview of USG People – Financial Results –



■ EBITDA margin of around 3%, showing improving trend which reflects a recovery of the market



Source:
(1)USG People (2013 Annual Report)
(2)USG People (2014 Annual Report)

4. Global Growth Strategy and Track Record – M&A Track Record –

■ M&A for Staffing segment



Marketing media

JV (Minority investment) in 2012

 Acquired in 2013

 Minority Investment in 2014

Minority investment in 2014
 100% acquisition in 2015

 Acquired in 2015

HR media

Acquired in 2009

 The Leader in Executive Search in Asia

 Minority investment in 2012
 100% acquisition in 2013

 Acquired in 2013

Acquired in 2012

 Acquired in 2014

Staffing

Acquired in 2010

Acquired in 2011

 Acquired in 2011

 Acquired in 2013

 Acquired in 2015

Scheduled to consolidate in 2016

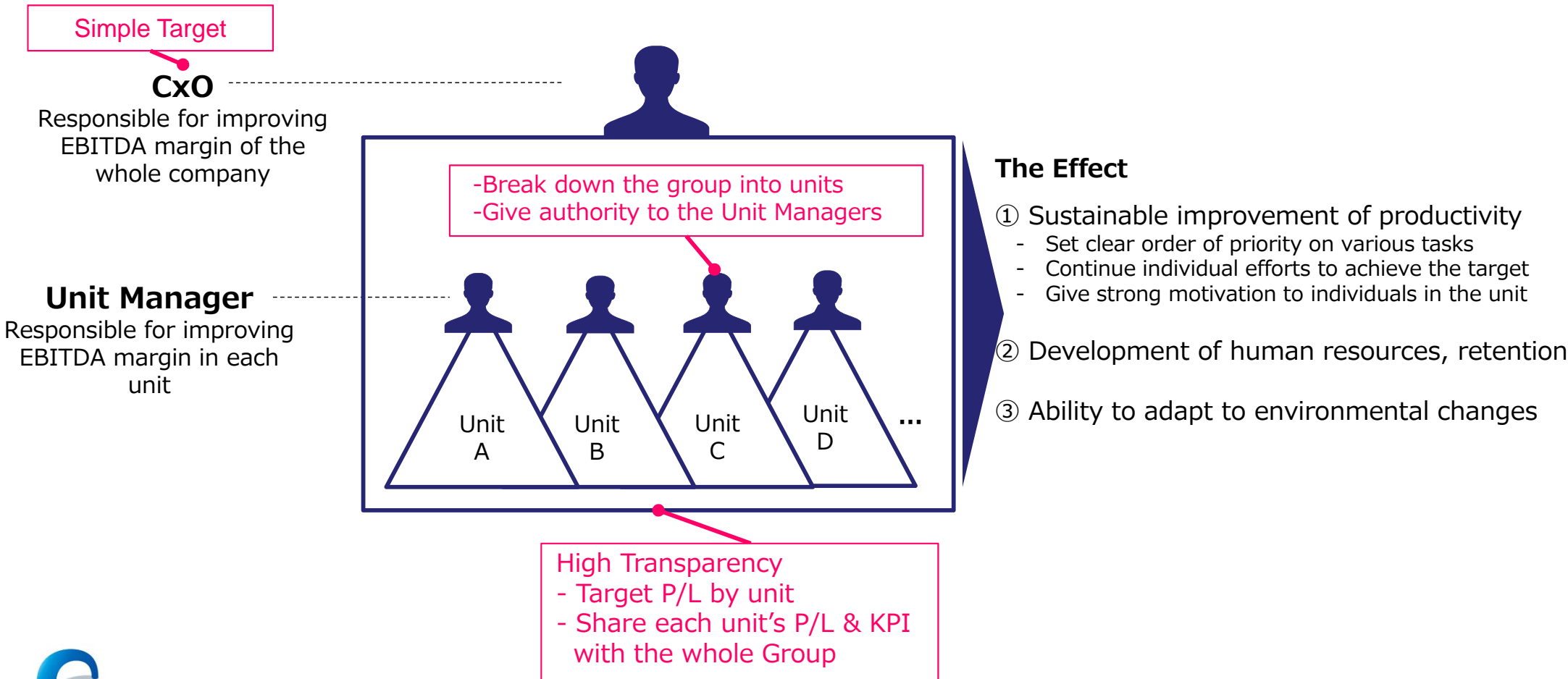


4. Global Growth Strategy and Track Record – Unit Management –

■ Key principles for staffing business' global expansion

- 1. Entering a large scale market (focus on developed countries)
- 2. Value each candidate on the potential for EBITDA margin improvement by applying our 'Unit Management' expertise developed in Japan

Unit Management

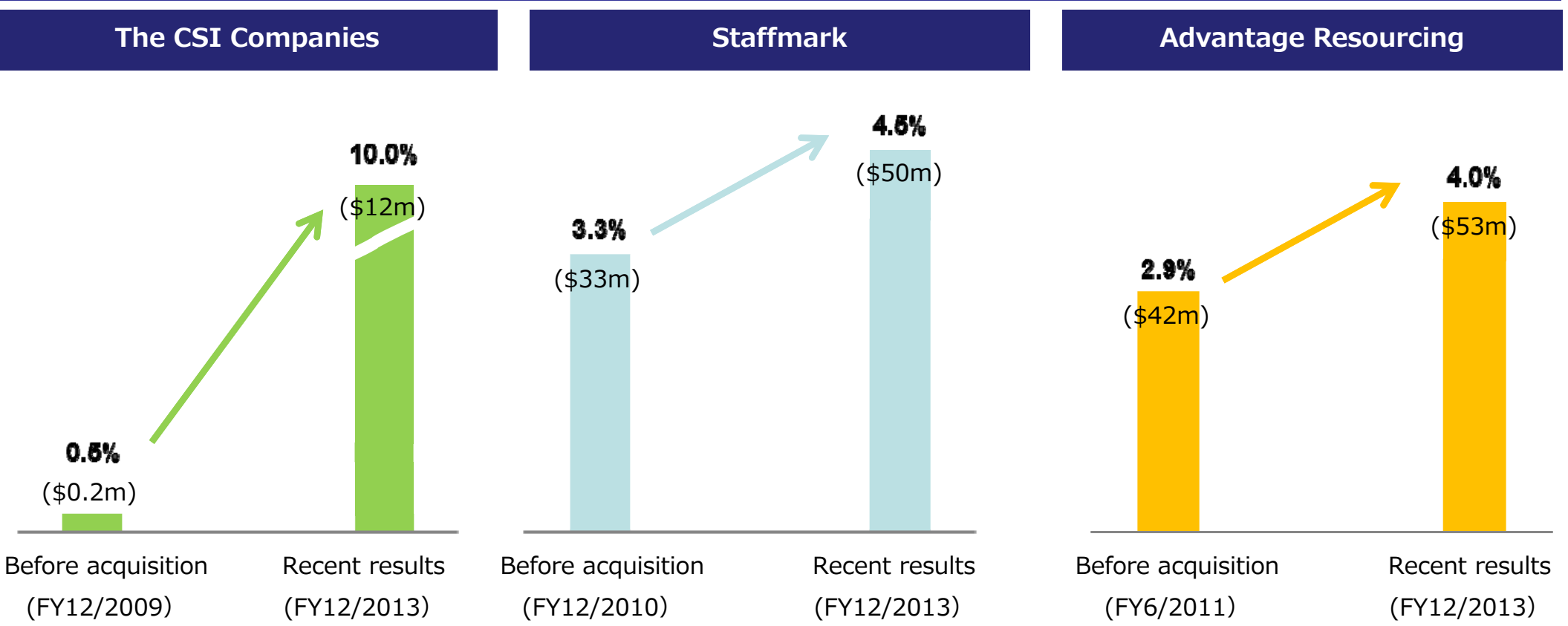


4. Global Growth Strategy and Track Record

– Improvement in EBITDA margin –

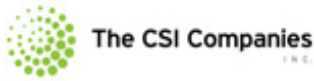



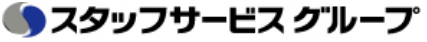







■ Track record of previous acquisitions: improvement in EBITDA margin

Improvement of EBITDA margin of acquired subsidiaries (EBITDA margin % and EBITDA (\$m))



4. Global Growth Strategy and Track Record – Business Expansion –

■ Expand our business significantly in important markets

Ranking ⁽¹⁾	Country	Recruit Group		
1	US	 The CSI Companies INC.	 Staffmark.	 Advantage Resourcing®
2	Japan	 RECRUIT リクルートスタッフィング®	 スタッフサービスグループ	
3	UK	 Advantage Resourcing®		
4	France	 usg people		
5	Germany	 usg people		
6	Australia	 CHANDLER MACLEOD UNLEASHING POTENTIAL	 peoplebank	
7	The Netherlands	 usg people		
8	Brazil	-		
9	Canada	-		
10	Italy	-		
11	Belgium	 usg people		



(1) Source: Staffing Industry Analysts 2013

5. Acquisition Costs

Total acquisition costs: ¥189.7bn

Acquisition price: ¥188.5bn (€1,420m)⁽¹⁾

Advisory fees and other related costs: ¥1.2bn

Impact: Insignificant impact on FY2015 financial results

(Subject to completion of the transaction, USG People will be consolidated into Recruit in FY2017)

Financial arrangement: Part of the acquisition will be debt financed

6. Timeline

Key dates:

December 22, 2015:

Announcement of the recommended cash offer for USG People

March, 2016:

Offer Memorandum to be approved by the Dutch regulator (AFM)

March, 2016:

Launch of Tender Offer (Acceptance period: 8-10 weeks)

April-June, 2016:

Transaction closing

Consolidate USG People as a Recruit Group Subsidiary⁽¹⁾

(1) requires acquisition of more than 95% of USG People's shares, etc.

Appendix

Road to Becoming the No.1 Global Matching Platform

***Be the No.1 in Global HR and Marketing
Media Business by approx. 2030***

***Be the No.1 in Global HR Business
by approx. 2020***



Sustainable growth in domestic business

Strong client base

No.1 market share &
sales
in major services

IT strategy

Leverage IT
to acquire new clients

Further growth in overseas business

Improve profitability of subsidiaries

Enhance their value by
introducing our expertise

M&A strategy

Expand and enhance
business through M&A

Our Financial Strategy

Key Management Index: EBITDA

Target growth rate for existing businesses in each FY: mid to high single-digit

Growth Investment: Investment capability of ¥700bn for the medium term

Leverage: Give priority to use cash at hand and utilize debt
(maintaining "A" rating from Japanese ratings institutions)

Capital Efficiency: Adjusted ROE⁽¹⁾ maintain around **15%**

Payout Ratio: Around **25%** of adjusted net income⁽²⁾

(1) Amortization of goodwill was added back to net income.

(2) Adjusted net income = Net income + Amortization of goodwill.