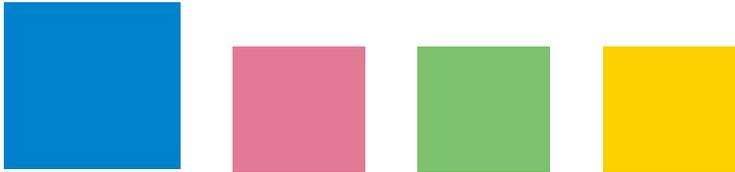


# Financial Results for Q2 FY2019



**Recruit Holdings Co., Ltd.**

**Keiichi Sagawa**

CFO and Senior Managing Corporate Executive Officer

**November 13, 2019**

# Disclaimer

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- 4. FY2019 Consolidated Financial Guidance**

## Secondary Offering

**Secondary Offering of 121.5 million shares of common stock**

**Offering price of 3,079 yen per share**

## Share Repurchase

**Conducting as open market purchases in line with our capital allocation policy to enhance shareholder returns**

- **Maximum total number of shares: 30 million shares**
- **Maximum total purchase amount: 80.0 billion yen**
- **Time period: September 19 to November 29, 2019**
- **As of October 31, 2019, 14.2 million shares repurchased at the total price of 49.2 billion yen**

### **Consolidated**

**Revenue +5.1%, Adjusted EBITDA +14.5%, Adjusted EPS +15.9%**

**: Revenue and Adjusted EBITDA increased in HR Technology and Media & Solutions**

**: Revenue and Adjusted EBITDA decreased in Staffing, impacted by uncertain economic environment in Europe**

### **HR Technology**

**Strong yoy revenue growth continued: +40.1%<sup>(1)</sup> in US dollar terms**

1. The US dollar based revenue reporting represents the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.  
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# FY2019 Q2 Consolidated Financial Results

3. FY2019 Q2 Financial Results

	FY2018	FY2019		FY2018	FY2019	
	Q2	Q2	yoy	1st Half	1st Half	yoy
(in billions of yen, unless otherwise stated)						
<b>Revenue</b>	<b>577.8</b>	<b>606.7</b>	<b>+5.0%</b>	<b>1,143.3</b>	<b>1,201.2</b>	<b>+5.1%</b>
<b>Adjusted EBITDA</b>	<b>76.5</b>	<b>90.3</b>	<b>+18.1%</b>	<b>155.2</b>	<b>177.7</b>	<b>+14.5%</b>
<b>Adjusted EBITDA margin</b>	<b>13.2%</b>	<b>14.9%</b>	<b>+1.7pt</b>	<b>13.6%</b>	<b>14.8%</b>	<b>+1.2pt</b>
<b>Operating income</b>	<b>58.7</b>	<b>71.4</b>	<b>+21.6%</b>	<b>126.5</b>	<b>142.6</b>	<b>+12.7%</b>
<b>Profit attributable to owners of the parent</b>	<b>45.3</b>	<b>54.8</b>	<b>+21.0%</b>	<b>92.6</b>	<b>114.1</b>	<b>+23.2%</b>
<b>Adjusted profit</b>	<b>48.8</b>	<b>57.8</b>	<b>+18.3%</b>	<b>97.9</b>	<b>113.4</b>	<b>+15.8%</b>
<b>Adjusted EPS (yen)</b>	<b>29.26</b>	<b>34.67</b>	<b>+18.5%</b>	<b>58.64</b>	<b>67.96</b>	<b>+15.9%</b>

1. EBITDA and EBITDA margin for FY2018. Adjusted EBITDA and adjusted EBITDA margin for FY2019.

(in billions of yen, unless otherwise stated)

	FY2018	FY2019		FY2018	FY2019	
Revenue	Q2	Q2	yoy	1st Half	1st Half	yoy
HR Technology	82.4	106.8	+29.6%	151.7	209.0	+37.8%
Reference: Revenue in million of US dollars <sup>(1)</sup>	739	996	+34.8%	1,373	1,925	+40.1%
<b>Adjusted EBITDA</b>						
HR Technology	14.3	24.4	+70.5%	23.7	43.7	+84.1%
<b>Adjusted EBITDA margin</b>						
HR Technology	17.4%	22.9%	+5.5pt	15.7%	20.9%	+5.3pt

1. The US dollar based revenue reporting represents the financial results of operating companies in the HR Technology segment on a US dollar basis, which differ from the consolidated financial results of the Company.

2. EBITDA and EBITDA margin for FY2018. Adjusted EBITDA and adjusted EBITDA margin for FY2019.

# Media & Solutions

## 3. FY2019 Q2 Financial Results

(in billions of yen, unless otherwise stated)

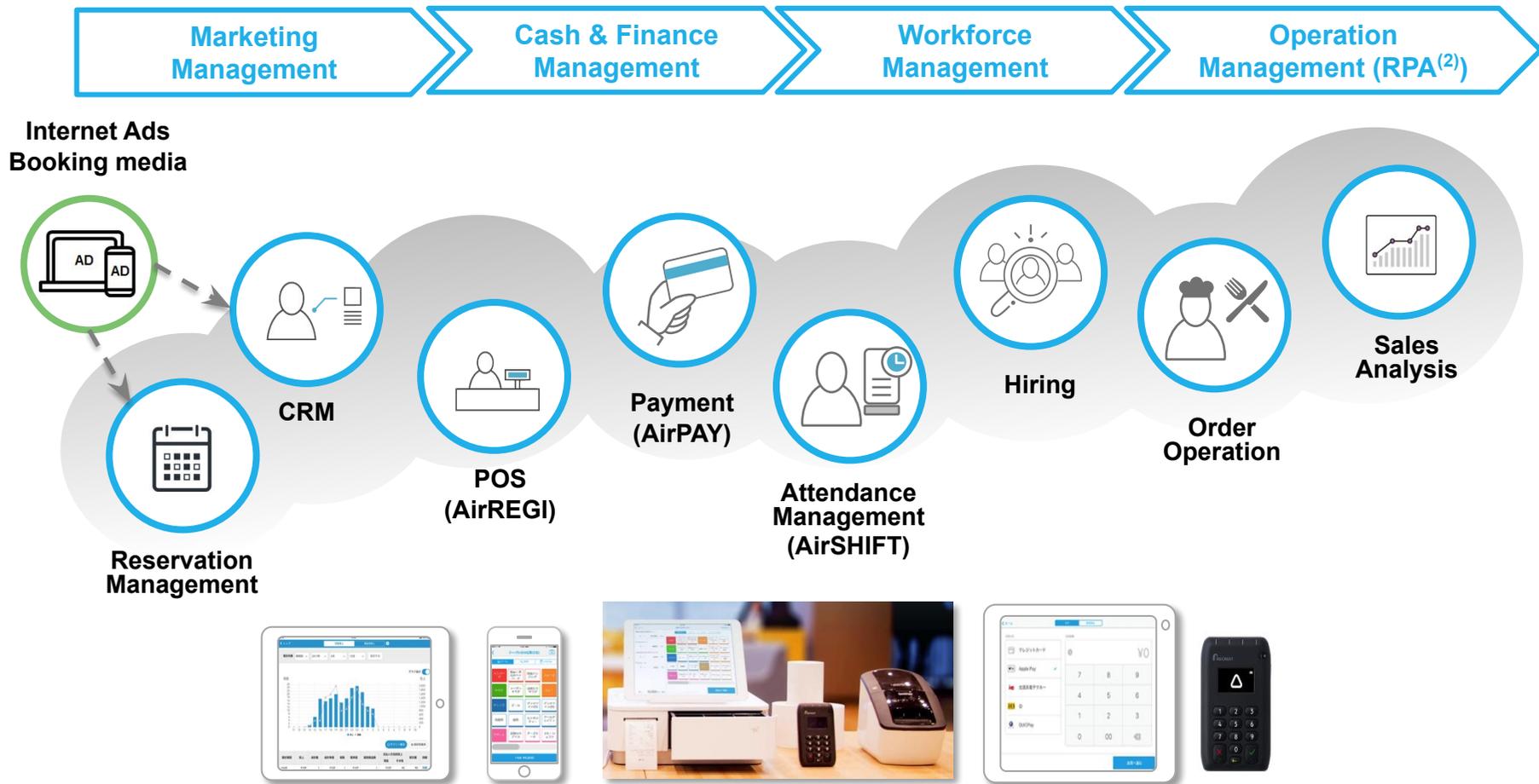
Revenue	FY2018	FY2019		FY2018	FY2019	
	Q2	Q2	yoy	1st Half	1st Half	yoy
<b>Segment total</b>	<b>175.8</b>	<b>190.5</b>	<b>+8.3%</b>	<b>349.4</b>	<b>378.2</b>	<b>+8.2%</b>
<b>Marketing Solutions</b>	<b>100.8</b>	<b>110.6</b>	<b>+9.7%</b>	<b>194.4</b>	<b>216.3</b>	<b>+11.3%</b>
Housing and Real Estate	25.2	27.5	+9.2%	49.4	54.3	+9.8%
Bridal	13.8	13.1	-5.0%	27.7	26.4	-4.7%
Travel	17.6	21.3	+20.8%	31.6	38.8	+22.7%
Dining	9.2	9.3	+1.1%	18.5	18.8	+2.1%
Beauty	17.8	20.2	+13.8%	35.0	39.6	+13.3%
Others	16.9	18.9	+11.4%	32.0	38.1	+19.1%
<b>HR Solutions</b>	<b>74.4</b>	<b>79.2</b>	<b>+6.5%</b>	<b>153.4</b>	<b>160.3</b>	<b>+4.5%</b>
Recruiting in Japan	66.4	70.0	+5.3%	136.7	141.9	+3.8%
Others	7.9	9.2	+15.9%	16.7	18.4	+9.9%
<b>Eliminations and Adjustments</b>	<b>0.6</b>	<b>0.6</b>	<b>+1.5%</b>	<b>1.4</b>	<b>1.4</b>	<b>-0.8%</b>
<b>Adjusted EBITDA</b>						
Segment total	44.0	47.9	+8.8%	91.4	98.0	+7.3%
Marketing Solutions	29.7	31.3	+5.2%	57.7	62.1	+7.6%
HR Solutions	18.1	21.3	+17.7%	41.5	44.9	+8.1%
Eliminations and Adjustments	-3.8	-4.7	-	-7.8	-8.9	-
<b>Adjusted EBITDA margin</b>						
Segment total	25.0%	25.2%	+0.1pt	26.2%	25.9%	-0.2pt
Marketing Solutions	29.5%	28.3%	-1.2pt	29.7%	28.7%	-1.0pt
HR Solutions	24.4%	27.0%	+2.6pt	27.1%	28.0%	+0.9pt

1. EBITDA and EBITDA margin for FY2018. Adjusted EBITDA and adjusted EBITDA margin for FY2019.  
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# Offering Comprehensive SaaS Solutions to SMEs in Japan

3. FY2019 Q2 Financial Results

## Air BusinessTools<sup>(1)</sup>



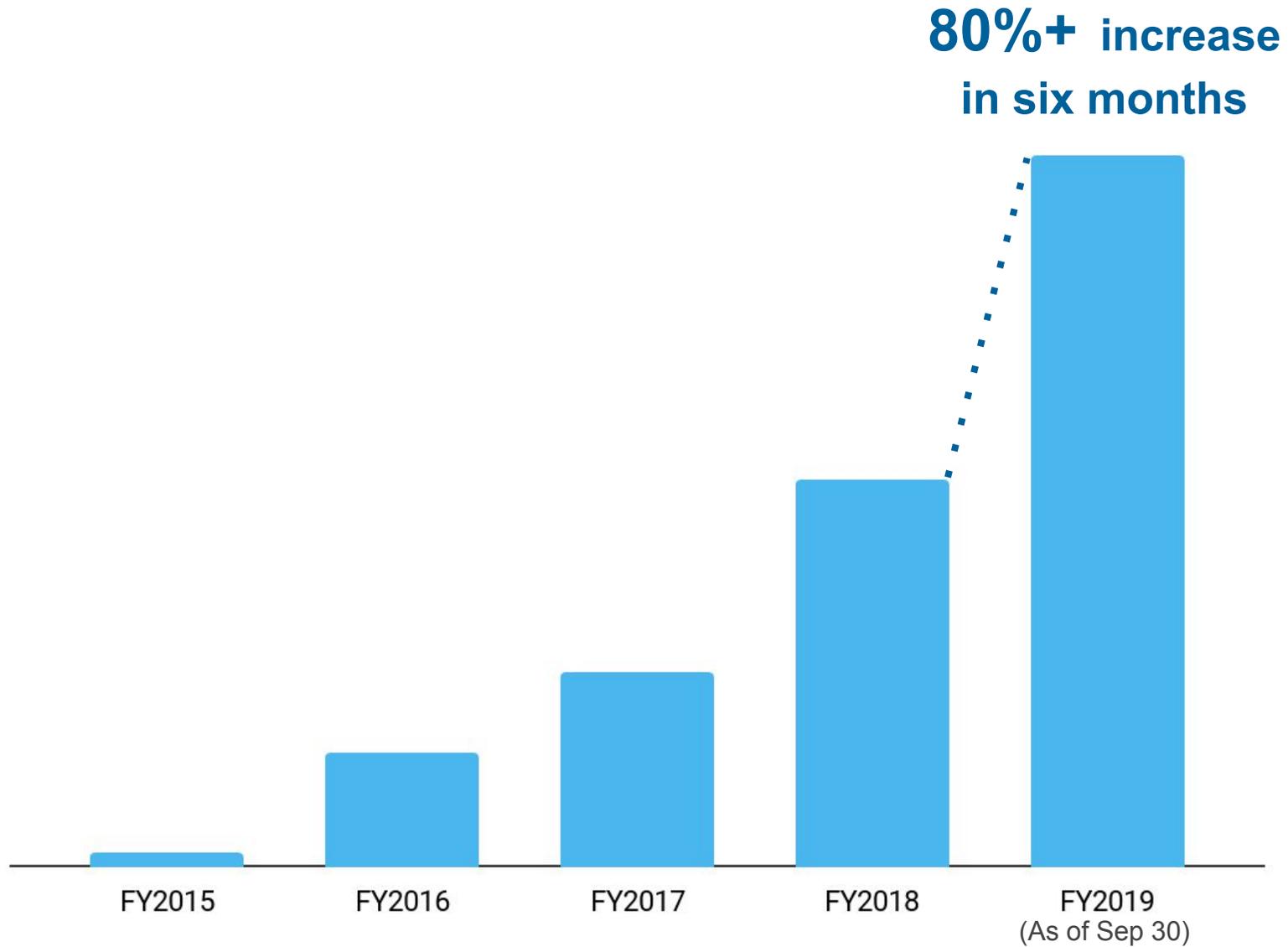
1. Air BusinessTools is collectively renamed from AirSeries.
2. RPA indicates "Robotics Process Automation."

## Total Number of Accounts<sup>(1)</sup>



1. Registered accounts for SaaS include multiple accounts of the same enterprise clients including SMEs for different types of SaaS solutions offered mainly through Air BusinessTools. The accounts of classified ads and SaaS include the freemium users. The accounts are as of fiscal year end.

# Number of AirPAY Accounts



1. The accounts are as of fiscal year end for FY2015 to FY2018 and as of the end of September 2019 for FY2019.

(in billions of yen, unless otherwise stated)

	FY2018	FY2019		FY2018	FY2019	
Revenue	Q2	Q2	yoy	1st Half	1st Half	yoy
<b>Segment total</b>	<b>325.8</b>	<b>317.5</b>	<b>-2.6%</b>	<b>654.9</b>	<b>630.1</b>	<b>-3.8%</b>
Japan	132.5	139.8	+5.5%	268.2	277.5	+3.5%
Overseas	193.2	177.7	-8.0%	386.7	352.5	-8.8%
<b>Adjusted EBITDA</b>						
<b>Segment total</b>	<b>20.1</b>	<b>21.1</b>	<b>+5.0%</b>	<b>44.1</b>	<b>40.9</b>	<b>-7.3%</b>
Japan	9.5	11.4	+20.4%	22.9	23.2	+1.2%
Overseas	10.6	9.6	-8.7%	21.2	17.7	-16.4%
<b>Adjusted EBITDA margin</b>						
<b>Segment total</b>	<b>6.2%</b>	<b>6.7%</b>	<b>+0.5pt</b>	<b>6.7%</b>	<b>6.5%</b>	<b>-0.2pt</b>
Japan	7.2%	8.2%	+1.0pt	8.6%	8.4%	-0.2pt
Overseas	5.5%	5.5%	-0.0pt	5.5%	5.0%	-0.5pt

### **FY2019 Consolidated Financial Guidance has not changed since the announcement on May 14, 2019:**

**Consolidated revenue and adjusted EBITDA are expected to increase, with revenue and adjusted EBITDA increasing in all three segments**

#### **Management KPIs**

**Adjusted EBITDA is expected to be in the range of 310 billion yen to 330 billion yen, exceeding the previous fiscal year**

**Adjusted EPS is aimed to grow high single digits compared to FY2018**

#### **Dividends**

**Annual 30 yen (planned): interim 15 yen and year-end 15 yen**

### HR Technology

**Revenue in US dollar terms is expected to grow 35% plus or minus a few percent**

**Adjusted EBITDA margin is expected to be plus or minus a few percent compared to FY2018**

### Media & Solutions

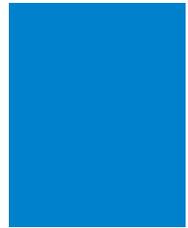
**Revenue is expected to grow mid single digits in Marketing Solutions and low single digits in HR Solutions**

**Adjusted EBITDA margin is expected to be the same level of FY2018**

### Staffing

**Revenue is expected to grow low single digits in Japan operations and may decrease in Overseas operations**

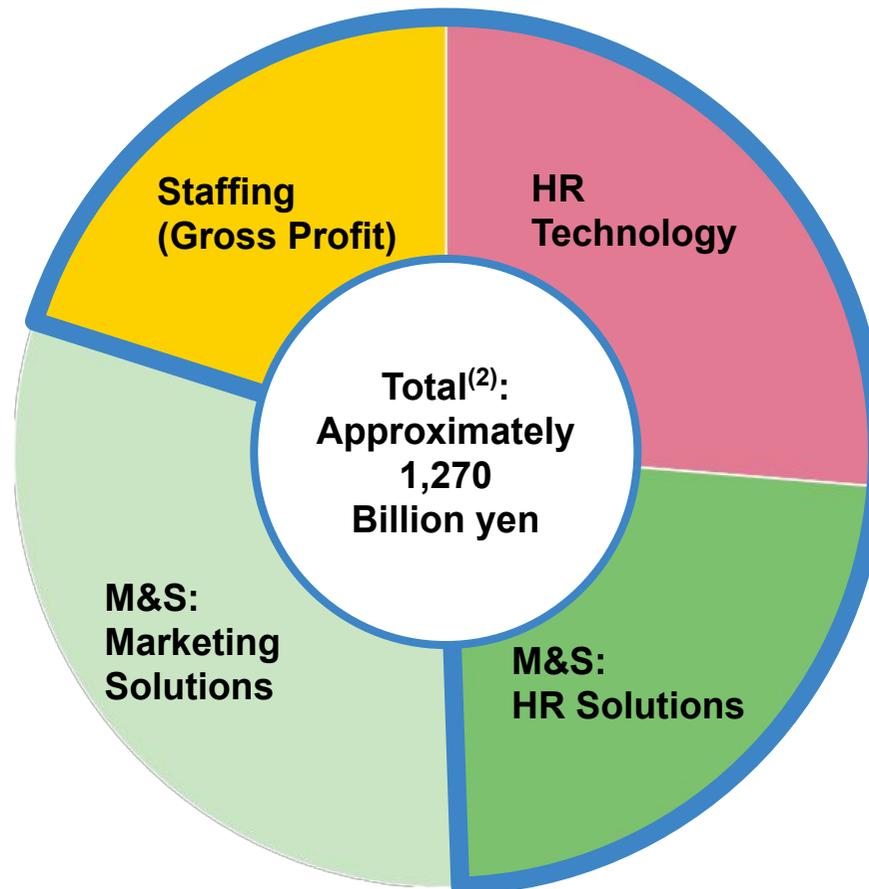
**Adjusted EBITDA margin is expected to increase slightly**



# Appendix

**Our HR Matching business<sup>(1)</sup>:  
Approximately 870 billion yen in FY2018<sup>(1)</sup>**

# HR Matching business



1. The HR Matching business comprised of (i) revenue of the HR Technology segment, (ii) revenue of the HR Solutions in the Media & Solutions segment and (iii) gross profit derived from revenue minus salary for agency workers, etc. of the Staffing segment.
2. "Total" comprised of businesses in note 1 above and revenue of the Marketing Solutions in the Media & Solutions segment.

# Total Addressable Market Estimated at \$150 billion+(1)

## Job Advertising & Talent Sourcing Tools Market



## Placement & Search Market



## Temp Staffing Market



1. The \$150 billion+ total addressable market is the total of the Job Advertising & Talent Sourcing Tools Market, the Placement & Search Market and the Temp Staffing Market shown on this page. The Company has estimated the size of its addressable markets based on a combination of internal and external data, estimates, market research and assumptions, which are inherently subject to a number of uncertainties. Accordingly, the estimated size of the Company's addressable markets may differ materially from the actual size of such markets, and you should not place undue reliance on this information.
2. Estimated market size in 2018 based on internal estimates, assumptions and market research by the Company. The online job advertising and talent sourcing tools market is defined to include (i) revenue of Indeed and competing job advertising boards in the Company's target operating markets and (ii) revenue of the talent solutions business of LinkedIn in the Company's target operating markets. The offline job advertising and talent sourcing market is defined to include newspaper, magazine and other print channels only and excludes television, cinema, radio and other non-print channels and is derived by applying the proportion of online to offline spending in the overall advertising market to the Company's estimated size of the online job advertising and talent sourcing tools market.
3. Source: SIA (Staffing Industry Analysts), www.staffingindustry.com, Global Staffing Industry Market Estimates and Forecast: May 2019 Update
4. Gross profit for the temporary staffing market is estimated by multiplying (i) the market size by revenue in 2018 of \$436 billion as estimated by SIA, Global Staffing Industry Market Estimates and Forecast: May 2019 Update, by (ii) 18.3%, which was the weighted average gross profit margin of the top three public staffing companies in terms of revenue in 2018.

## FY2019 Q2 Financial Results by Segment

Revenue <small>(in billions of yen)</small>	FY2018	FY2019		FY2018	FY2019	
	Q2	Q2	yoy	1st Half	1st Half	yoy
<b>Consolidated</b>	<b>577.8</b>	<b>606.7</b>	<b>+5.0%</b>	<b>1,143.3</b>	<b>1201.2</b>	<b>+5.1%</b>
HR Technology	82.4	106.8	+29.6%	151.7	209.0	+37.8%
Media & Solutions	175.8	190.5	+8.3%	349.4	378.2	+8.2%
Staffing	325.8	317.5	-2.6%	654.9	630.1	-3.8%
Eliminations and Adjustments	-6.2	-8.0	-	-12.7	-16.1	-
<b>Adjusted EBITDA</b> <small>(in billions of yen)</small>						
<b>Consolidated</b>	<b>76.5</b>	<b>90.3</b>	<b>+18.1%</b>	<b>155.2</b>	<b>177.7</b>	<b>+14.5%</b>
HR Technology	14.3	24.4	+70.5%	23.7	43.7	+84.1%
Media & Solutions	44.0	47.9	+8.8%	91.4	98.0	+7.3%
Staffing	20.1	21.1	+5.0%	44.1	40.9	-7.3%
Eliminations and Adjustments	-1.9	-3.0	-	-4.1	-5.0	-
<b>Adjusted EBITDA margin</b>						
<b>Consolidated</b>	<b>13.2%</b>	<b>14.9%</b>	<b>+1.7pt</b>	<b>13.6%</b>	<b>14.8%</b>	<b>+1.2pt</b>
HR Technology	17.4%	22.9%	+5.5pt	15.7%	20.9%	+5.3pt
Media & Solutions	25.0%	25.2%	+0.1pt	26.2%	25.9%	-0.2pt
Staffing	6.2%	6.7%	+0.5pt	6.7%	6.5%	-0.2pt

1. EBITDA and EBITDA margin for FY2018. Adjusted EBITDA and adjusted EBITDA margin for FY2019.

## Adjustment items for Adjusted EBITDA and Adjusted Profit

(in billions of yen, unless otherwise stated)

Adjusted EBITDA	FY2019	
	Q2	1st Half
Operating income	71.4	142.6
Other operating income	-1.9	-5.6
Other operating expenses	+1.8	+3.5
Depreciation and amortization	+29.1	+55.7
<b>EBITDA</b>	<b>100.4</b>	<b>196.2</b>
Depreciation and Amortization (right-of-use-assets)	-10.0	-18.5
<b>Adjusted EBITDA</b>	<b>90.3</b>	<b>177.7</b>

(in billions of yen, unless otherwise stated)

Adjusted Profit	FY2019	
	Q2	1st Half
Profit (loss) attributable to owners of the parent	54.8	114.1
Amortization of intangible assets arising due to business combinations	+5.2	+10.2
Non-recurring income	-1.3	-16.8
Non-recurring losses	+1.7	+7.9
Tax reconciliation regarding the adjustment items	-2.6	-2.0
<b>Adjusted Profit</b>	<b>57.8</b>	<b>113.4</b>

## Notes

Adjusted EBITDA = operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses

Adjusted EBITDA margin = Adjusted EBITDA / Revenue

Adjusted profit = profit attributable to owners of the parent ± adjustment items\* (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items

\*Adjustment items = amortization of intangible assets by acquisitions ± non-recurring 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 available for dividends = profit attributable to owners of the parent ± non-recurring income/losses, etc.