Summary of Financial Results for FY2014

Recruit Holdings Co., Ltd.

Results for FY2014

■Consolidated Earnings Summary

In FY2014, we posted record-high sales of 1,299.9 billion yen (1.2999 trillion) , a rise of 9.1% YoY, and EBITDA of 191.4 billion yen, a growth of 6.0%. Net income came to 69.7 billion yen, an increase of 6.5%. In this connection, overseas sales totaled 336.5 billion yen, a growth of 18.8% YoY, and accounted for 25.9% of overall sales.
We outperformed the previously-announced targets for both sales and EBITDA of FY2014. As we explained at our Q3 earnings results briefing, to foster the capacity required to outperform management targets for a single fiscal year, we are implementing policies, using a medium-to-long term outlook, to strengthen existing businesses and to gear up for growth investments. From Q4, we have started executing investments in various areas, including the promotion of IT strategies. Finally, we set our payout ratio at 25% of adjusted net income. As we previously announced, we plan to pay a per-share dividend of 47 yen.

■Marketing Media

Net sales were 333.4 billion yen, an increase of 3.4% YoY, and EBITDA was 96.2 billion yen, an increase of 1.1% YoY.
While net sales in the Life Event operations trended solidly YoY, those in the Lifestyle operations rose 7.4% reflecting favorable trend.
As for the Life Event operations, in the housing and real estate business, the market environment remained weak partially due to the consumption tax rate hike. Net sales in this business decreased 3.0%, reflecting the substantial impact on the condominium apartment division. However, the negative impact has gradually lessened and trended toward improvement with each passing quarter. As the market environment is showing signs of having bottomed out, we will hopefully see revenue growth in this fiscal year in progress.
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 (number of persons who stayed overnight) continued to increase. As a result, net sales grew 10.3%. The beauty business saw substantial growth with net sales of 17.6% mainly because the number of online reservation

steadily increased by the introduction of SALON BOARD. At the same time, the dining business increased 2.2%. This was mainly due to the impact of earnings from major clients such as "izakaya" chains. The number of paying clients steadily increased approximately 23% YoY due to the introduction of Air REGI.

For FY2014, number of online users for HotPepper Gourmet was 23.9 million, whereas number of online reservations for HotPepper Beauty was 30.04 million, both shows high achievement.

In the Marketing Media segment, as we previously announced, we are shifting to a phase for full-fledged overseas development, while promoting M&A strategies.

In line with this, in March 2015 we converted Quandoo GmbH, Germany, an online restaurant reservation service company in Europe, into our subsidiary. In May 2015, we also converted Hotspring Ventures Limited, an online beauty salon reservation service company in Europe, into our subsidiary.

The inclusion of these companies into our consolidated accounts coincides with our fiscal year in 2015. We plan to transfer our various knowhow to these companies to enhance their value and achieve growth further out.

■HR Media

Net sales totaled 302.7 billion yen, a rise of 13.4% YoY, reflecting brisk domestic and overseas recruiting. EBITDA was 78.0 billion yen, a growth of 6.0%.

In domestic recruiting operations, the market environment was brisk throughout the full year, as evidenced in part by an ongoing improvement in the ratio of job-offers to job-seekers. Reflecting this, our net sales in this business briskly rose 5.9% YoY. That said, in Q4, as expected, we booked the earnings of products for new graduate recruitment, for which the launch timing was changed.

In an environment that is an ongoing labor shortage and characterized by tight supply and high demand, our sales growth rate slowed due in part to the rise in the ratio of combined usage with other media. However, despite this slowdown in sales growth, we estimate that sales growth during the fiscal year in progress is likely to be in the lower-to-middle single digits.

In overseas recruiting operations, net sales rose 85.1% YoY, reflecting smooth growth in service used by small and medium-sized clients.

We note that the positive impact of the weak Yen to net sales was 3.3 billion yen. Excluding this impact, our net sales growth were 71.7%.

Given the brisk expansion of its business thus far, we plan to increase investment in Indeed to achieve further growth in the medium-to-long term. We plan to continue to make marketing investments and investments to attract customers not only in the US, which is currently our main profit market, but also in other regions.

■Staffing

Net sales were 675.2 billion yen, an increase of 10.2% YoY and EBITDA was 40.7 billion yen, an increase of 17.2%, reflecting a gradual recovery in the market environment both in domestic and overseas.
In the domestic staffing operations, net sales rose 8.6% YoY, reflecting solid net sales at both Recruit Staffing and Staff Service.
In the overseas staffing operations, net sales were up 12.5% 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 24.2 billion yen. Excluding this impact, net sales growth was 2.9%.
As we announced a while back, we converted Peoplebank Holdings Pty Ltd and Chandler Macleod Group Limited, both Australian recruiting companies, into subsidiaries. We are also in the process of converting Atterro, Inc. (US) into our subsidiary.
The inclusion of these companies into our consolidated accounts coincides with this fiscal year 2015. We plan to improve the value and EBITDA margins at these companies.

■The Others

In FY2014, we carried out Point ID strategy to achieve further growth in the medium-to-long term.
This strategy, aims to acquire new users, improve our cross user rate, and improve the efficiency in attracting new customers in each vertical market. We plan to continue to embark on this strategy in this fiscal year 2015.

Forecasts for FY 2015

■Consolidated Earnings Summary Forecasts

In this fiscal year, March 2016 period, we are expecting our net sales to reach 1,550 billion (1.55 trillion) yen, with 19.2% YoY increase, and EBITDA to reach 201.0 billion yen, with 5.0% increase.
EBITDA in the existing business, which is our key management index, is expected to reach 202.5 billion yen, with 5.8% YoY increase.

This number is estimated by deducting the earnings forecast of subsidiary which are newly consolidated from this fiscal year.
We plan to include the figures of the acquired companies into that of existing business from the 2nd year after acquisition.
Operating income, Ordinary income, and Net income attributable to owners of the parent are to decrease due to an increase in amortization of goodwill from the M&A. Adjusted net income is expected to reach 112.5 billion yen, with 4.6% YoY increase.
In addition, the dividend per share is expected to be 50 yen per share and our payout ratio is 25.1% of adjusted net income.
In the connection, the announced forecast is the figure at present, and is subject to change in the event of new acquisitions in FY2015.

■Our Key Strategies

In domestic business, to achieve sustainable growth, we plan to actively tackle the development of new businesses, as well as fortifying our existing businesses.
Moreover, in overseas business, we aim to continue to execute our current strategies, mainly M&A.
The basic concept of our service is to provide value to the society by eliminating “negative” elements such as dissatisfaction, inconvenience, and anxiety.
There are a lot of industries and businesses in which negative elements still exist and are not solved fundamentally in the domestic market.
We will enter and develop businesses in the following three fields; “Business support for small and medium sized enterprise”, “Education Industry”, and “Healthcare Industry”.
First is “Business support for small and medium sized enterprise”. There are 5.4 million companies in Japan and 90% of them are small and medium sized enterprise.
”By providing our “Air series” and the other affiliated services, we aim to improve client’s operational efficiency and productivity in various industries and types of business.
For users, we would like to improve convenience and service satisfaction when using stores, etc..
Consequently we will contribute to promote users for further use of those stores.
The number of accounts of Air REGI is growing steadily and has reached 160 thousand at present.
We aim to reach 1 million accounts as our medium-to-long term aspiration.
Second is “Education Industry”. In Japan, there are educational disparities caused by income and regional disparities.
Based on our research of the condition of university entrance examination, only approximately one out of three students (35%) are able to attend tutorial school or prep school.
If you look at the reason of not attending prep school, we hear voices such as “because of the

severe household economic condition (49%)”, and “because there is no access to a good tutorial school, prep school nearby (18%)”.

By providing “Jyuken Suppli”, “Benkyo Suppli”, we aim to eliminate educational disparities caused by income and regional disparities.

With this inexpensive online education content, which enables students to learn anywhere, we aim to provide opportunity to learn by themselves to such elementary, junior high, and high school students who can not attend tutorial school, prep school due to severe economic condition, or due to lack of access nearby.

In Japan, there are more than 3 million high school students, and 13 million Elementary, Junior High and High School students in total.

The market size of Tutoring School and Prep School for Elementary, Junior High and High School students, is around 1 trillion yen.

We plan to expand our business in this education market through providing services such as “Jyuken Suppli”. The number of paying members is approximately 130 thousand as of May 2015.

Third is “Healthcare Industry”.

We believe that we could contribute to create healthier future if we can realize the world that people can manage their health and prevent potential diseases, resulting in better human life.

Although the details of service are still under consideration, we plan to develop new services by leveraging IT to “Preventive Care” and “Consultation Appointment”, and so on.

The market size of general medical examination market in health check-up market is estimated to be 470 billion yen, which is similar to that of statutory medical check-up. The market size is expected to grow further, and we believe in the potential of developing service in this market.

We are aggressively implementing our M&A strategy overseas.

Our basic stance on M&A remains unchanged. We aim to continue to carry out M&A while upholding our rigid goal of attaining an IRR of 10%.

As we discussed earlier, we are also entering Phase 2, the stage for full-fledged development, in the Marketing Media segment. We plan to actively carry this phase out in each of our business segments.

In addition, as we have explained, we will steadily enhance the value of our acquired companies by transferring our know-how cultivated in domestic business.

We have 2 know-hows. The first is Management know-how, and the other is Business Execution know-how.

We will transfer these know-hows appropriately, while having a clear understanding of the state of those acquired companies.

Disclaimer

warranties of any kind, express or implied, about the completeness and accuracy.
This presentation also contains forward-looking statements. Actual results, performance and achievements are subject to various risks and uncertainties. Accordingly, actual results may differ significantly from those expressed or implied by forward-looking statements. Readers are cautioned against placing undue reliance on forward-looking statements.
Third parties are not permitted to use and/or disclose this document and the contents herein for any other purpose without the prior written consent of Recruit Holdings Co., Ltd.