

# Acquisition of Quandoo

- Online Restaurant Reservation Service Provider  
in the EU countries -

March 5, 2015



Recruit Holdings Co., Ltd.

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# **1 . Highlights of the transaction**

# 1. Highlights of the transaction

- **The first 100% acquisition of overseas company in dining vertical**  
→ After the completion of feasibility evaluation, global expansion of Marketing Media has entered into **Phase2**
- **Quandoo is NO.1 by the number of reservation-taking restaurant in 6 European countries**  
→ Online restaurant reservation market in Europe is **expected to grow rapidly**
- **Acceleration of Value-up by utilizing our knowhow**  
→ Transferring “Sales marketing knowhow” and “User marketing knowhow”

## **2. Overseas strategy for Marketing Media business**

## 2-1. Basic strategies (1/2)

### 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

## 2-1. Basic strategies (2/2)

- With consideration of factors such as knowhow in possession and market sizes, we are targeting overseas deployment in housing and real estate, travel, dining, and beauty verticals
- We are pursuing expansion of business in cooperation with excellent partners in each country

<Current business deployment status>

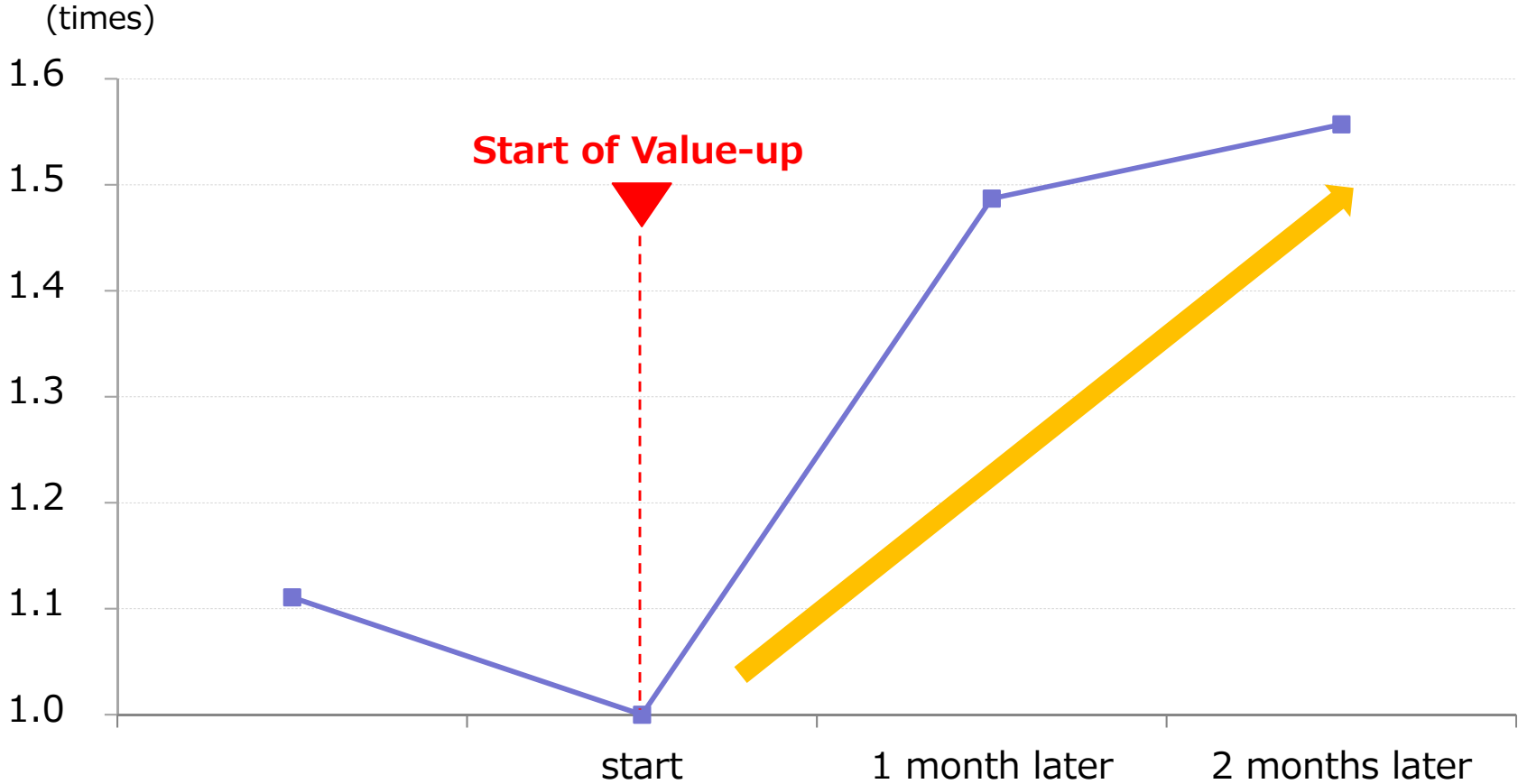
	North America	Europe	Asia		
Housing and Real Estate	 (100% acquisition/Phase1) Real estate information service in the US	---	---		
Travel	 (Minority investment/Phase1) Largest search site for holiday let data stocks	 (Minority investment/Phase1) One of the largest OTA site in English/German-speaking countries	 (Minority investment/Phase1) Travel reservation service in Vietnam	 (Minority investment/Phase1) Travel reservation service in Indonesia	 (Subsidiarization/Phase1) Travel reservation service in Philippines
Dining	---	 (100% acquisition /Phase2) Largest class dining online reservation service in Europe	 (Minority investment/Phase1) Largest word-of-mouth search site for dining and beauty salon in Thailand	---	
Beauty	---	 (Minority investment/Phase1) Largest beauty salon online reservation service in Europe	---		



# 2-2. Track record of Value-up by transferring Recruit's knowhow (1/2)

- By utilizing our sales marketing knowhow, an increase in sales productivity has been achieved

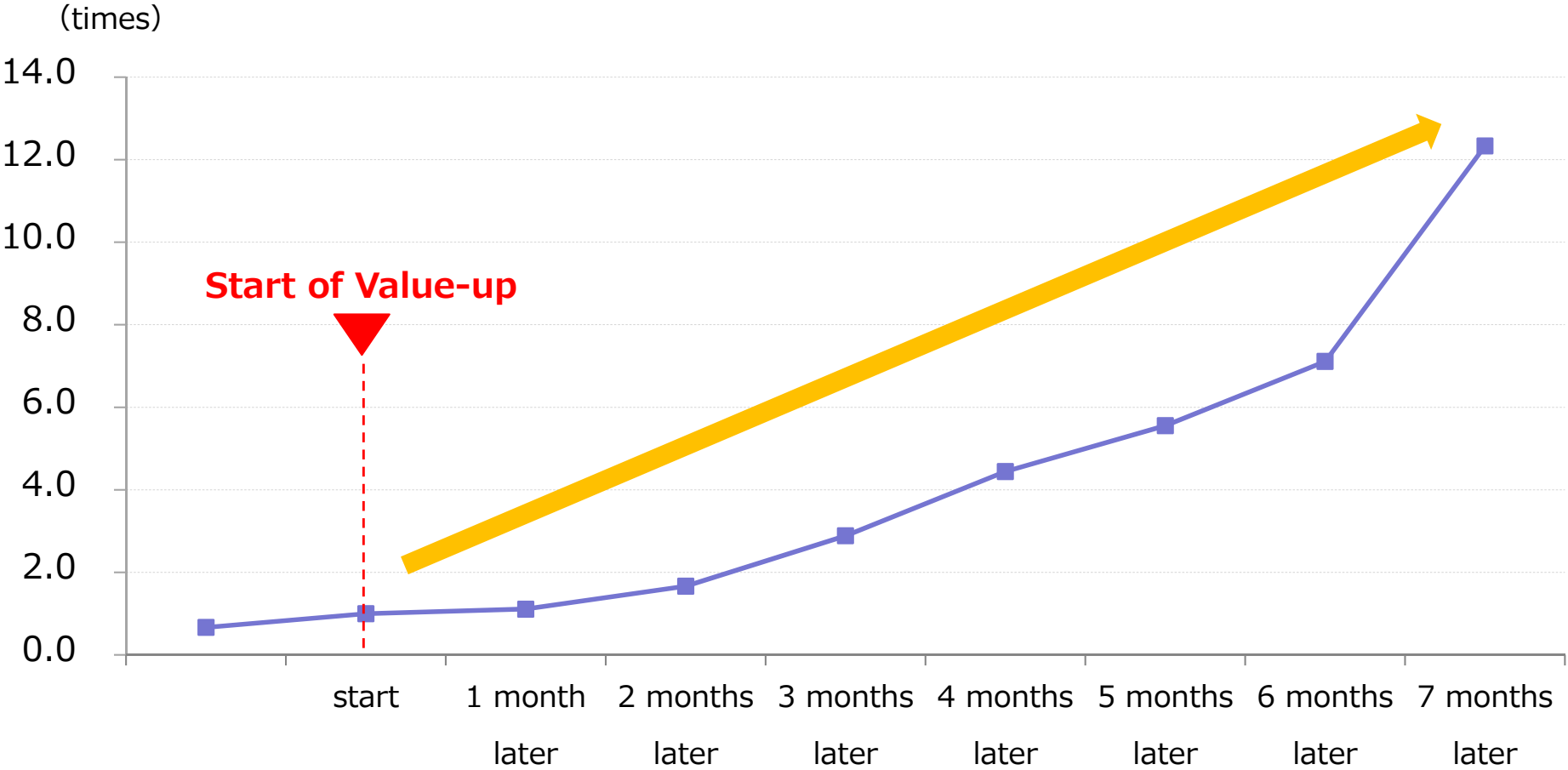
Changes in the net sales per sales employee (overseas affiliates A)



# 2-2. Track record of Value-up by transferring Recruit's knowhow (2/2)

- By utilizing our SEO/SEM (user attraction) knowhow, a significant increase in the number of unique visitors has been achieved

Changes in the number of unique visitors (overseas affiliates B)



## 2-3. Phase in Marketing Media business

Company name

Verification

### Phase 1

Minority investment/  
Feasibility evaluation



- ✓ Have achieved an improvement in productivity of sales force by transferring our knowhow in sales
- ✓ Have achieved an improvement in efficiency of attracting more users by transferring our SEO/SEM knowhow

### Phase 2

M&A /  
Global expansion



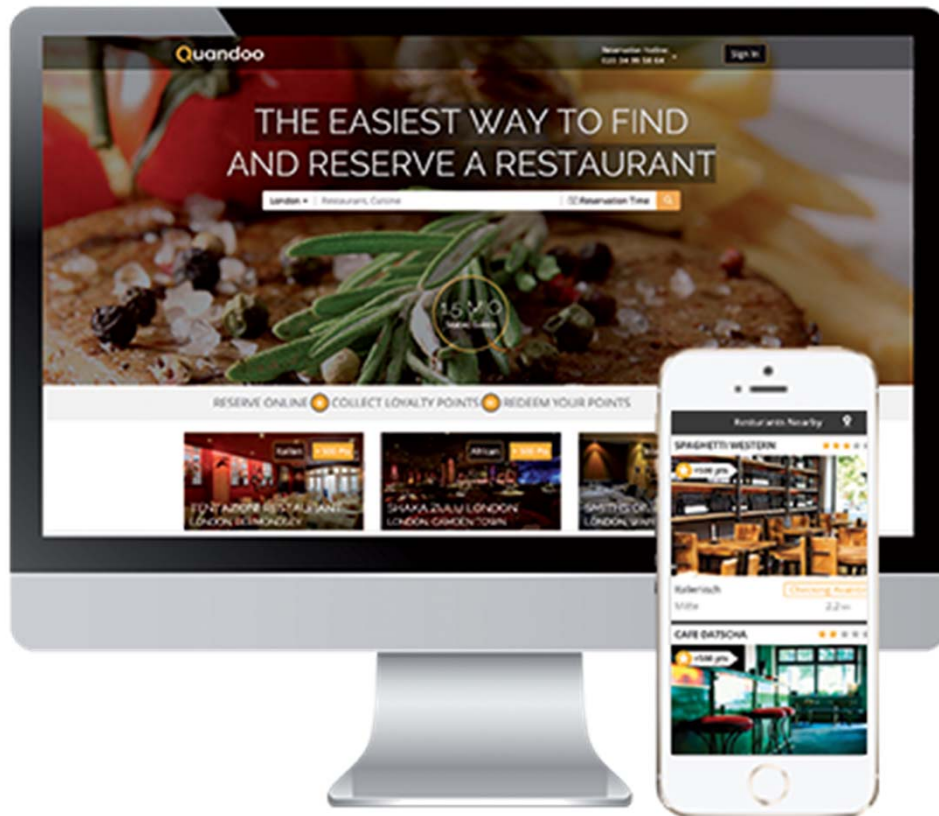
**Marketing Media has entered into Phase 2**

# 3. About Quandoo

## 3-1. Company profile (1/2)

- Headquartered in Berlin, Germany, Quandoo provides online restaurant reservation service
- Quandoo was established in November 2012 mainly by founding members of Groupon Europe

### Company Overview



Company	:	Quandoo GmbH, Germany
Business	:	Online restaurant reservation
Established	:	November 2012
Headquarters	:	Berlin (Germany)
Listed/Private	:	Private
Sales	:	€4.29million (FY2014)
EBITDA	:	€▲9.66million (FY2014)
Employees	:	250+
# of Locations	:	13 countries

# 3-1. Company profile (2/2)

## ■ Management team with excellent knowledge of Internet industry and business development of start-ups

**Founder & CEO**  
**Philipp Magin**



- McKinsey & Company
- City Deal (2010)
  - Founder & CEO
- Groupon
  - CEO of Central Europe
  - International VP

**Co-Founder & CMO/CPO**  
**Ronny Lange**



- Rocket Internet
- CityDeal
  - Co-Founder
  - Product/Marketing
- Groupon
  - CMO International

**Co-Founder & COO**  
**Tim-Hendrik Meyer**



- IBM
- Groupon
  - COO of Central Europe
  - Senior Manager Sales Controlling & BI

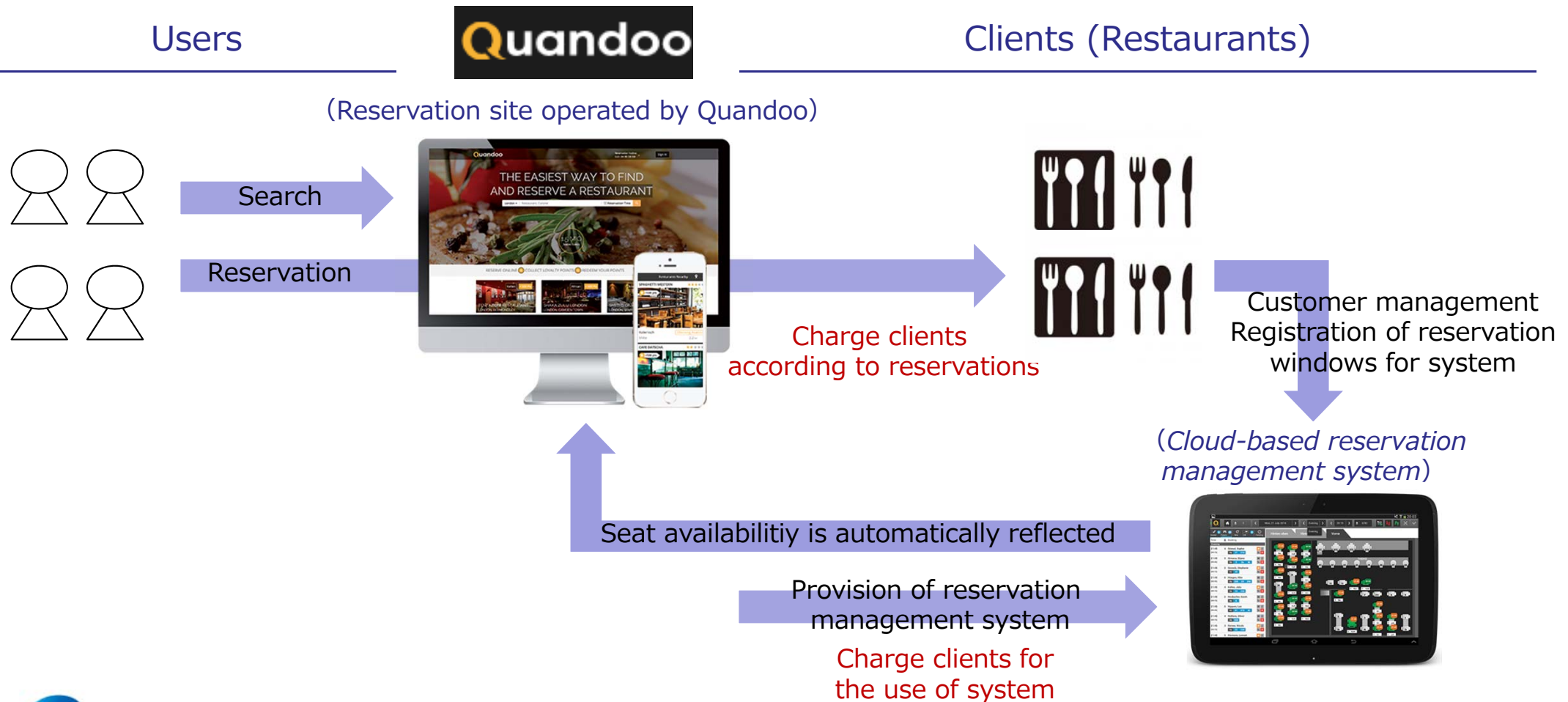
**Co-Founder & Head of Business Development**  
**Sebastian Moser**



- President of 1&1 Internet
- Groupon Europe
  - VP of International Operations

## 3-2. Business model

- Quandoo operates online restaurant reservation site, providing a cloud-based reservation management system for restaurants
- Revenues are generated from subscription fees for the use of reservation system and transactions fees per diner channeled through Quandoo site

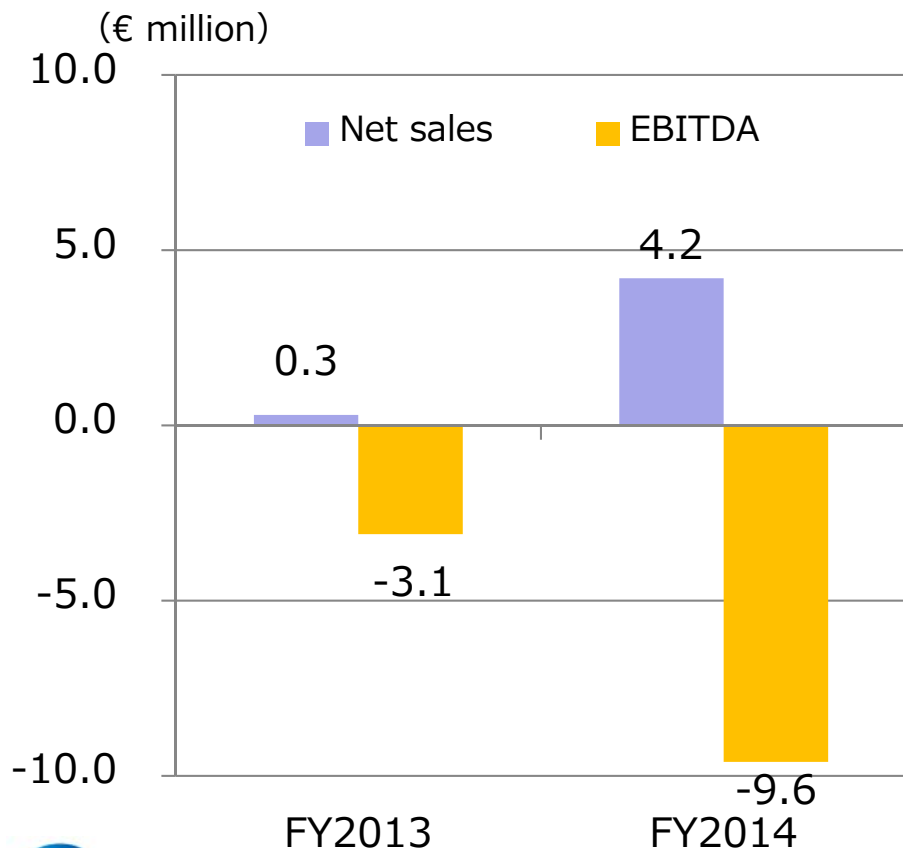


## 3-3. Business performance in FY2014

- Net sales of €4.2 million and negative EBITDA of €9.6 million
- As a result of expansion in new countries, reservation-taking restaurants substantially increased in just one year

### Net sales/EBITDA

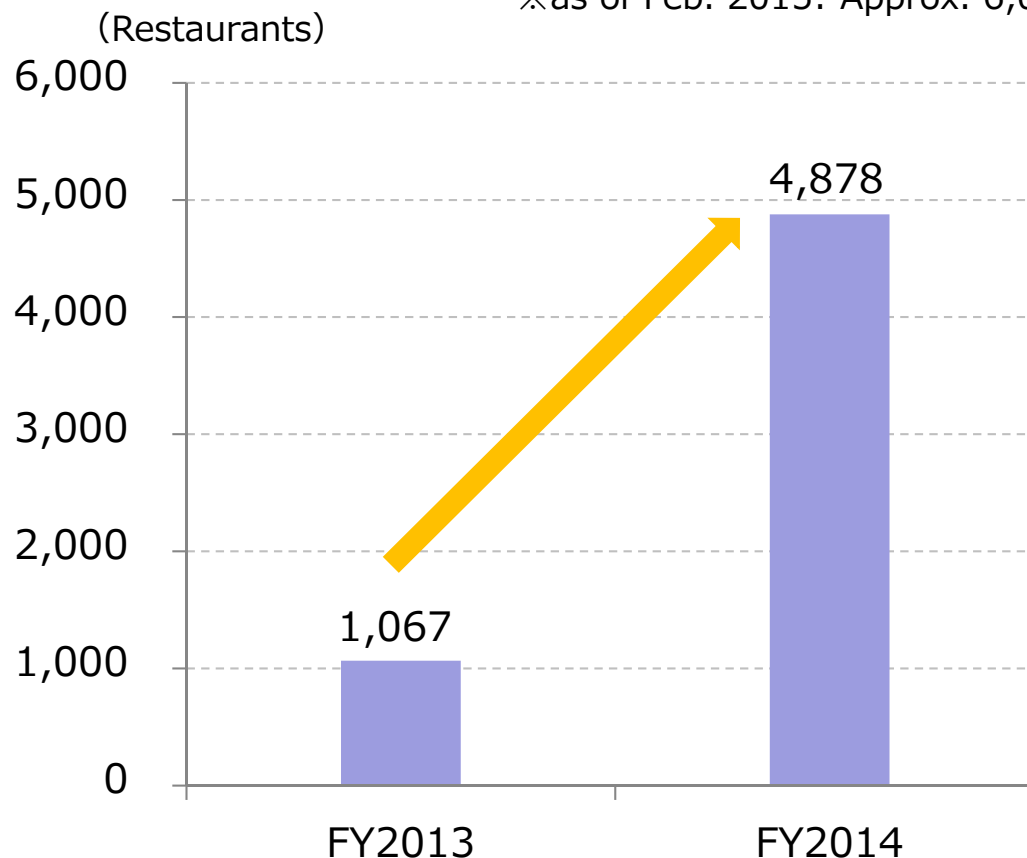
– Reported negative EBITDA as a result of expansions in new countries



### Reservation-taking restaurants

– 4,878 restaurants, up Approx. 350% YoY, in FY2014

※as of Feb. 2015: Approx. 6,000

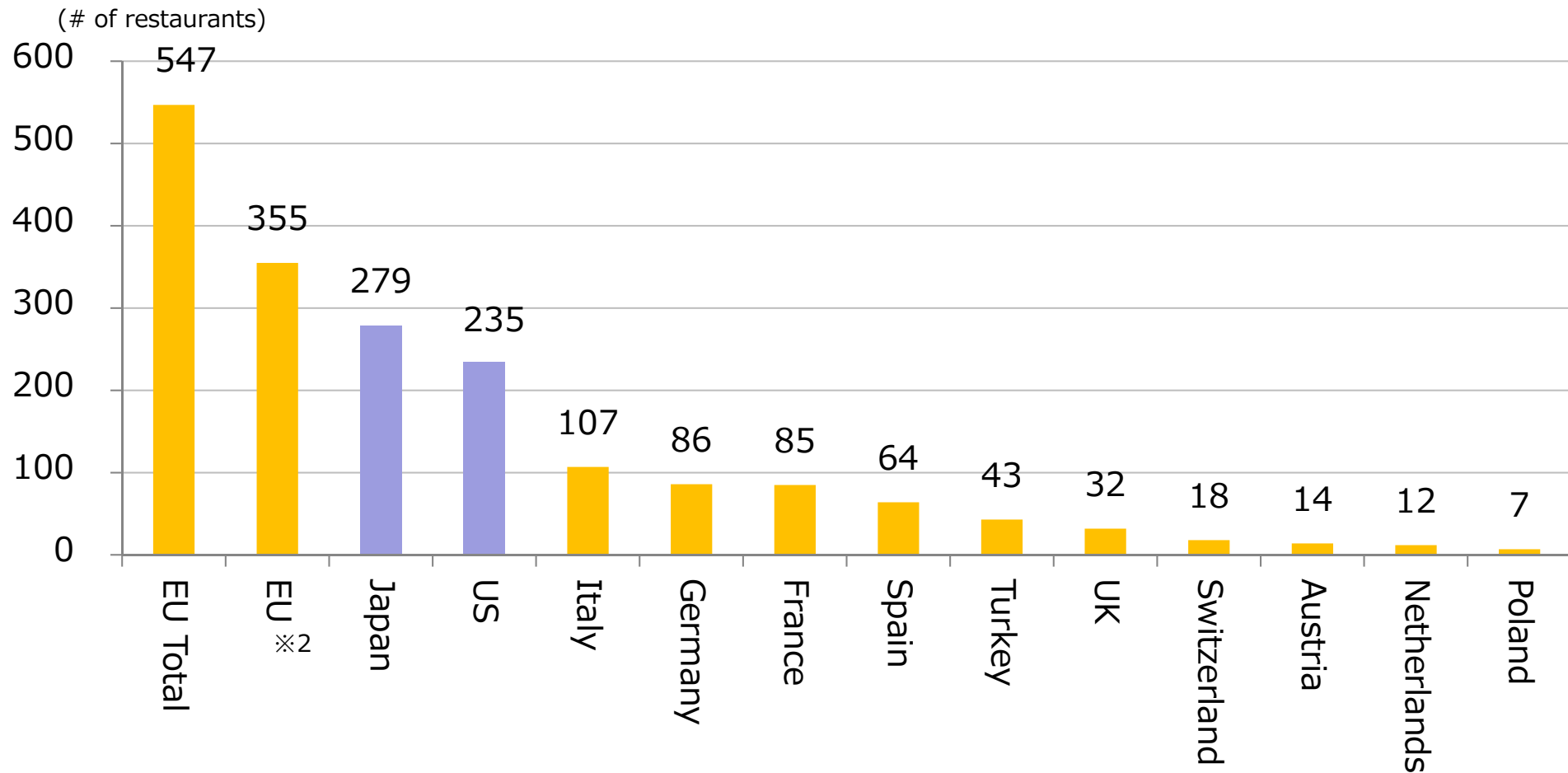




## 3-4. Restaurant market in Europe (1/2)

- The number of Full-Service restaurants in Europe is relatively large compared to other areas in the world

# of Full-Service Restaurants※1 (2013)



※Source: Euromonitor International 「Consumer Foodservice 2014」

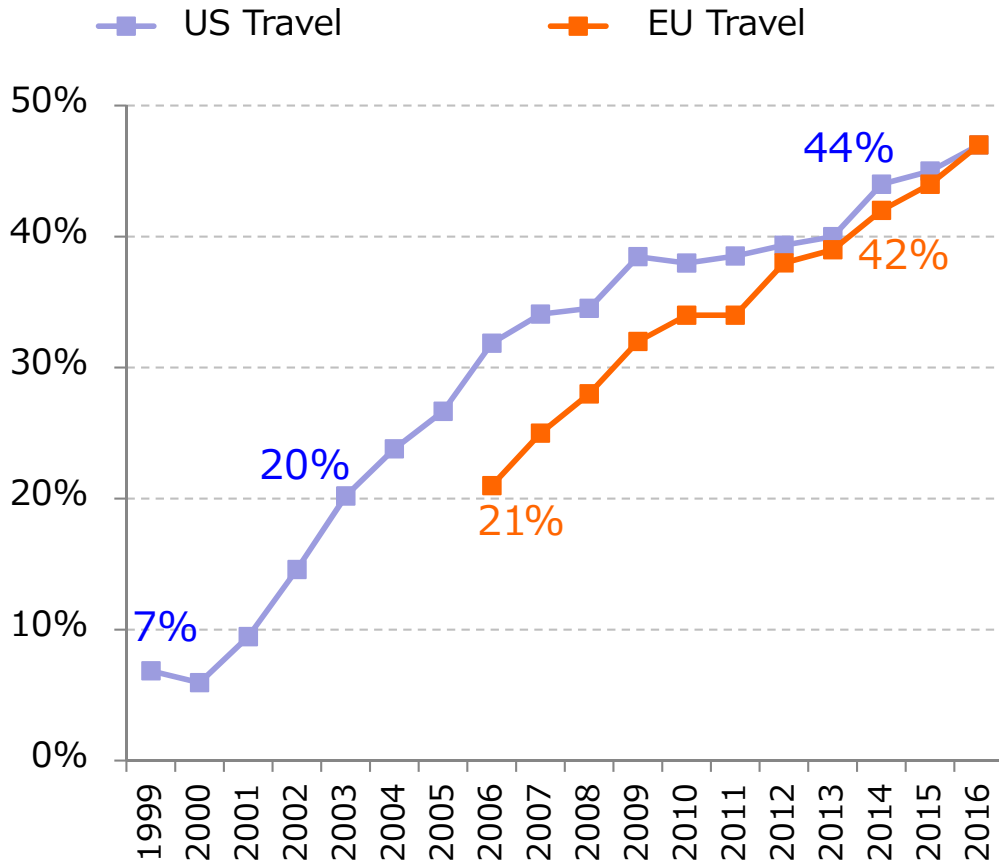
※1: a type of restaurant in which waiting staff serve food and beverages

※2: Counties where Quandoo operates the service

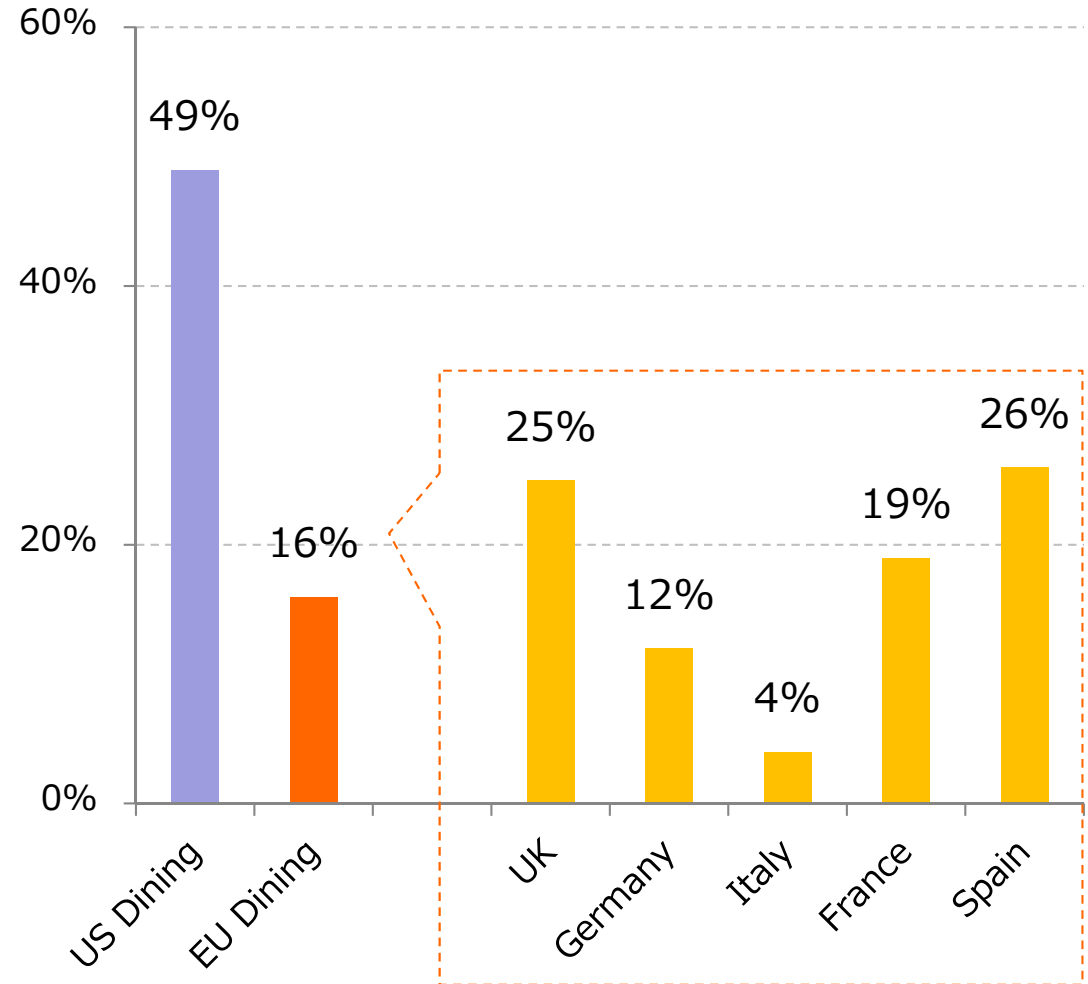
# 3-4. Restaurant market in Europe (2/2)

## ■ Online restaurant reservation market in Europe is expected to grow substantially in the future

% of Online reservation in travel sector



% of Online reservation in dining sector



※source: PhoCusWright

※Estimated by Recruit based on questionnaire survey  
 %=Online reservation / Total reservation (excluding Walk-in)



## 3-5. Positioning in restaurant reservation market

- Despite its short history since November 2012, Quandoo is already No.1 in # of reservation-taking restaurants in six countries in Europe

	Italy	Germany	Turkey	Austria	Poland	Switzerland	UK	Netherlands
Reservation-taking restaurants ※1	<b>1,849</b> <b>(#1)</b>	<b>1,467</b> <b>(#1)</b>	<b>535</b> <b>(#1)</b>	<b>331</b> <b>(#1)</b>	<b>317</b> <b>(#1)</b>	<b>143</b> <b>(#1)</b>	709 (#3)	262 (#3)
Population ※2	59.68 million	80.80 million	76.48 million	8.48 million	38.53 million	8.00 million	64.08 million	16.80 million

※1: As of February 2015

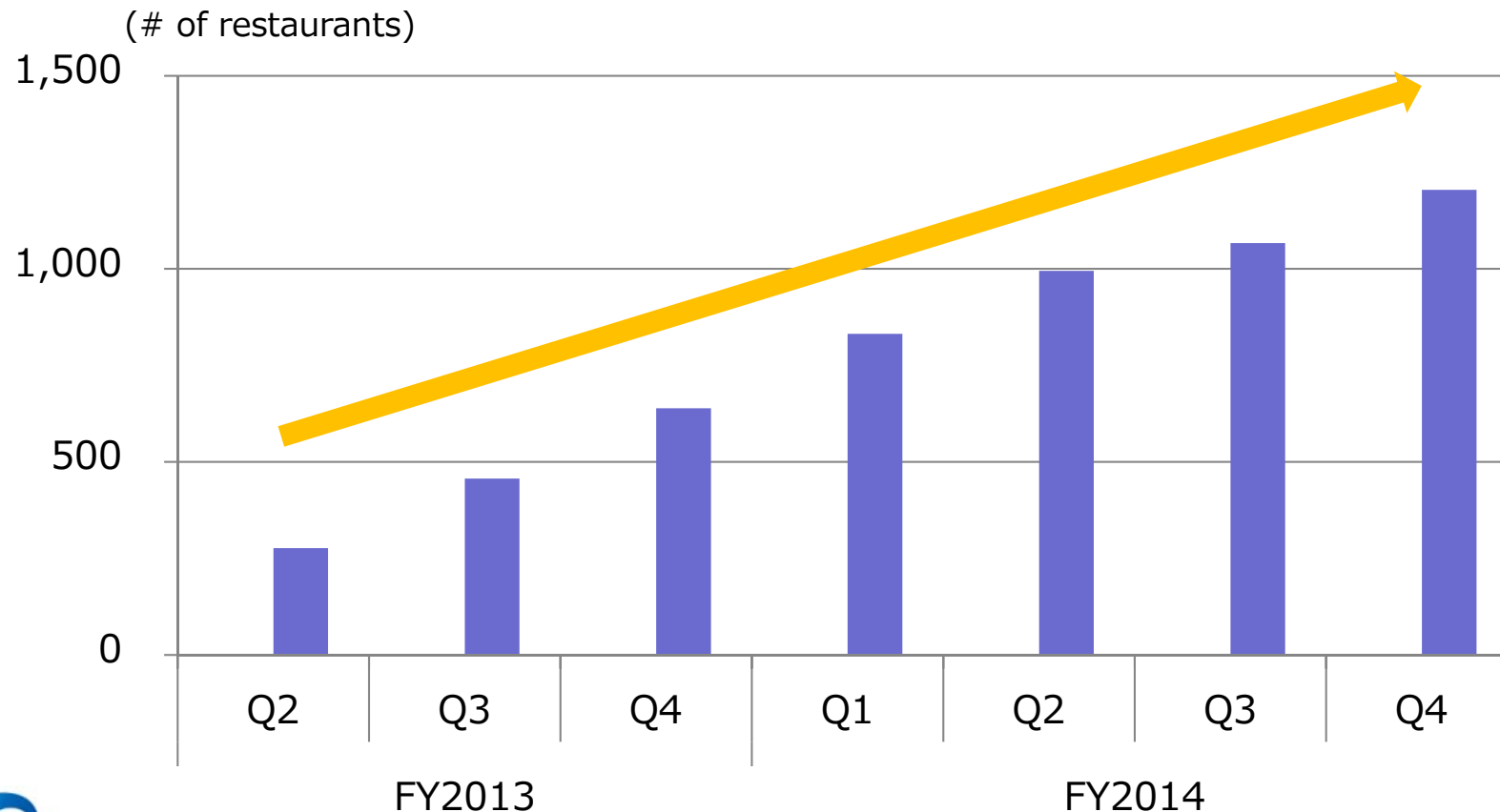
※2: 2013, source: International Monetary Fund, World Economic Outlook Database, October 2014

## 3-6. Competitive advantages

- Superior sales operation which enables to acquire reservation-taking restaurants at a very fast pace
- Advantages in price and user-friendliness of cloud-based reservation management system

### Rapid growth of acquired restaurants in Germany

– in only a year after the entry, and reached No.1 market leadership

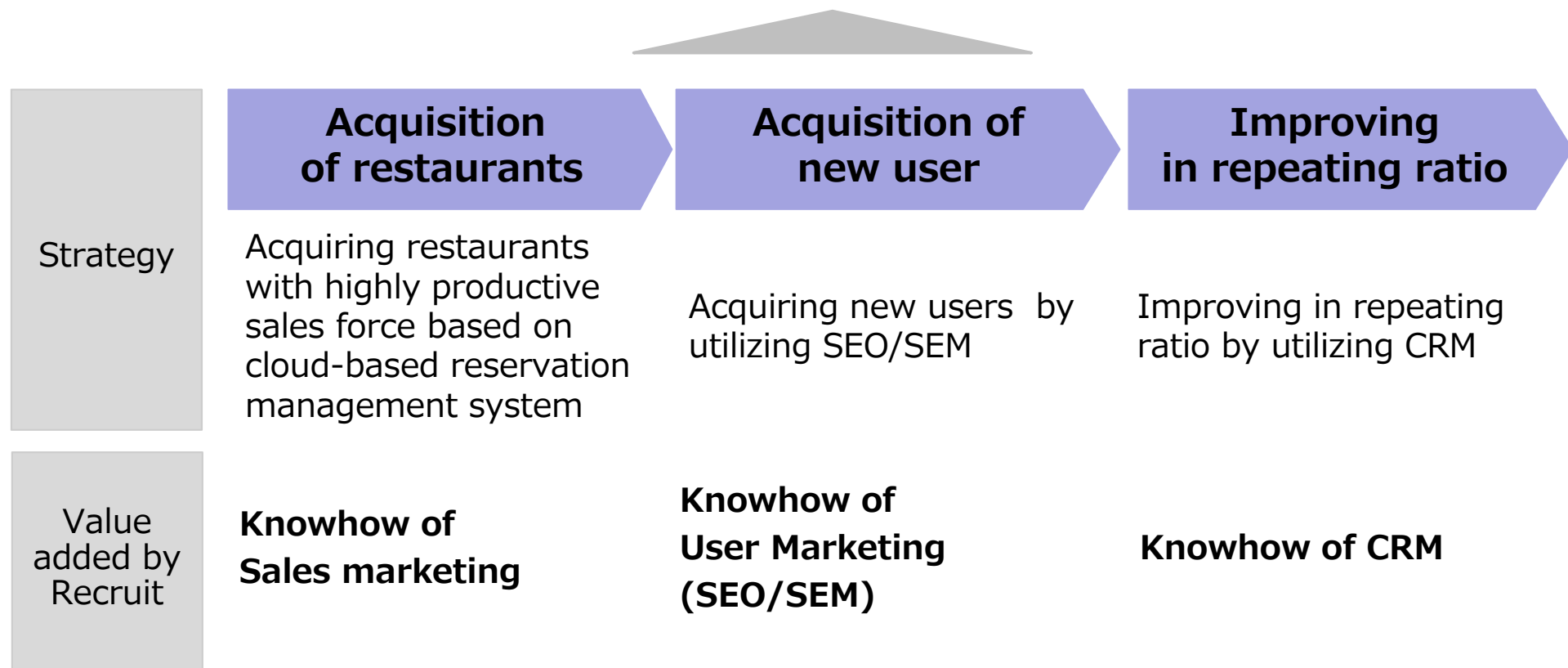


# 4. Growth strategies

## 4. Growth strategies

### Mid to Long-term vision

- Becoming the No.1 by the number of online restaurant reservation in Europe -



# 5. Acquisition cost and impact to consolidated Financial Results

## 5. Acquisition cost and Impact to consolidated Financial Results

### Total acquisition cost: JPY27.11Bn

Acquisition price: JPY26.55Bn (Appx. EUR198.6mm) ※JPY133.65/ EUR

Advisory fees and other related costs: JPY0.56Bn

### Impact: Insignificant impact to financial results in FY2014

(Consolidation to Recruit's financial statements will occur from FY2015)

**Financial arrangements: Cash in hand** (partly generated by the IPO)



# Appendix

# Mid to Long-term vision

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

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



## Sustainable growth in domestic business

### Strong client base

No. market 1 share net sales) in major services

### IT strategies

Acquire new clients by leveraging IT technologies

## Further growth in overseas business

### Improve profitability at subsidiaries

Enhance value by providing our operating knowhow

### M&A strategies

Expand and enhance business foundation through M&A

# Overseas M&A track record

## Phase 1

Minority investment/  
Feasibility evaluation

## Phase 2

M&A /  
Global expansion

### Staffing



Acquired in 2010



Acquired in 2011



Acquired in 2011



Acquired in 2013



Acquired in 2015



Under procedure for  
the 100% Acquisition in 2015

### HR Media



Creations

Acquired in 2009



The Leader in Executive Search in Asia

Minority Investment in 2010  
100% Acquisition in 2013



Acquired in 2013



Acquired in 2012



Acquired in 2014

### Marketing Media



JV (Minority Investment)  
in 2012



Acquired in 2013



Minority Investment in 2014



Minority Investment  
in 2014  
100% Acquisition in 2015

# Function in reservation management system

Installed Function	Examples
Marketing to user	<ul style="list-style-type: none"> <li>• Real-time promotion of free inventory (special offer)</li> <li>• Individualized SEM account &amp; media package</li> </ul>
Management of reservation	<ul style="list-style-type: none"> <li>• Online reservation management via Quandoo media</li> <li>• Offline reservation management</li> <li>• POS system based on application</li> <li>• Recognition of walk-ins / table management</li> </ul>
Customer Database	<ul style="list-style-type: none"> <li>• Customer database management</li> <li>• Recognition consumption history</li> <li>• CRM</li> </ul>
Analytics	<ul style="list-style-type: none"> <li>• Reservation dashboard &amp; statistics</li> <li>• Workload report / utilization forecast</li> </ul>
Yield Management	<ul style="list-style-type: none"> <li>• Reservation widget</li> </ul>

**Table management**  
(Green: upcoming reservation  
White: empty)

**Reservation list of the day**  
(Time / Name / # of guests /  
other detailed information)

