Acquisition of a staffing company in the Netherlands:
USG People

December 22, 2015

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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

\(^{(1)}\) Sum of shares in UK, France, Germany, Netherlands, Italy, and Belgium

Source: “Staffing Industry Analysts 2013”
2. Staffing Market in EU – Market Scale –

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

Global staffing markets (2014)\(^{(2)}\)

- Total Market: €304bn
- US: 29%
- Japan: 14%
- Germany: 7%
- France: 7%
- The Netherlands: 4%
- Australia: 5%
- Canada: 2%
- Brazil: 3%
- Italy: 2%
- Belgium: 2%
- Other: 16%

Staffing market penetration rate\(^{(3)}\)

- Global Average: 1.6%\(^{(4)}\)
- EU countries: UK, Australia, the Netherlands, Germany, US, France, Japan, Belgium

\(^{(1)}\) 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
3. Overview of USG People – Company Profile –

**Dutch staffing company listed on the Euronext Amsterdam Stock Exchange**

<table>
<thead>
<tr>
<th>Company</th>
<th>USG People N.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>December 21, 1917</td>
</tr>
<tr>
<td>HQ</td>
<td>Almere, the Netherlands</td>
</tr>
<tr>
<td>Listed/Private</td>
<td>Listed (Euronext Amsterdam Stock Exchange)</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>Net Sales : €2,355m in FY2014</td>
</tr>
<tr>
<td></td>
<td>EBITDA : €93m in FY2014 (3.9% margin)</td>
</tr>
<tr>
<td>Indirect Personnel</td>
<td>4,821 FTE (FY2014 average)</td>
</tr>
<tr>
<td>Direct Personnel</td>
<td>58,031 FTE (FY2014 average)</td>
</tr>
<tr>
<td>Core Countries</td>
<td>Four countries (the Netherlands, Belgium, France, Germany)</td>
</tr>
<tr>
<td>Business</td>
<td>HR services business</td>
</tr>
<tr>
<td>Management</td>
<td>CEO Rob Zandbergen, CFO Leen Geirnaerdt</td>
</tr>
</tbody>
</table>
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\(^{(1)}\)

<table>
<thead>
<tr>
<th>Country</th>
<th>Net Sales Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>43.0%</td>
</tr>
<tr>
<td>Belgium</td>
<td>20.6%</td>
</tr>
<tr>
<td>France</td>
<td>26.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>9.6%</td>
</tr>
<tr>
<td>Other</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

### Net Sales by Segment\(^{(2)}\)

- **General Staffing**
  - Provides general staffing agency services.
  - Focus on large clients for which it can provide in-house services.
- **Specialist Staffing**
  - Provides specialist staffing: financial, HR, secretary and technical workers.
  - Focus on SME market place.
- **Professionals**
  - Expertise in the areas of IT engineering, legal, finance, HR, marketing and sales.
- **Online Business Solutions**
  - Online HR and recruitment services: recruitment marketing, assessment and training.

\(^{(1)}\)(2) Source: USG People (2014 Annual Report)
EBITDA margin of around 3%, showing improving trend which reflects a recovery of the market.

Financial results

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (€m)</th>
<th>EBITDA Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,441</td>
<td>3.3%</td>
</tr>
<tr>
<td>2013</td>
<td>2,270</td>
<td>2.0%</td>
</tr>
<tr>
<td>2014</td>
<td>2,355</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

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**

**Phase 1**
- Minority Investment / Feasibility Evaluation

**Phase 2**
- M&A / Accelerate Expansion

**Marketing media**
- **MOVOTO**
  - Acquired in 2013
- **trip.com**
  - Acquired in 2014
- **Quandoo**
  - Minority investment in 2014
- **wahanda**
  - 100% acquisition in 2015

**HR media**
- **Creations**
  - Acquired in 2009
- **Bô Lê Associates**
  - Minority investment in 2012
  - 100% acquisition in 2013
- **NuGrid Consulting**
  - Acquired in 2013
- **indeed**
  - Acquired in 2012
- **MOBOLT**
  - Acquired in 2014

**Staffing**
- **The CSI Companies**
  - Acquired in 2010
- **Staffmark**
  - Acquired in 2011
- **Advantage Resourcing**
  - Acquired in 2011
- **Anteo**
  - Acquired in 2013
- **peoplebank**
  - Acquired in 2015
- **usg people**
  - 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

- Break down the group into units
- Give authority to the Unit Managers

Simple Target

CxO

- Responsible for improving EBITDA margin of the whole company

Unit Manager

- Responsible for improving EBITDA margin in each unit

The Effect

① Sustainable improvement of productivity
  - Set clear order of priority on various tasks
  - Continue individual efforts to achieve the target
  - Give strong motivation to individuals in the unit

② Development of human resources, retention

③ Ability to adapt to environmental changes

High Transparency

- Target P/L by unit
- Share each unit’s P/L & KPI with the whole Group
## 4. Global Growth Strategy and Track Record

### – Improvement in EBITDA margin –

#### Track record of previous acquisitions: improvement in EBITDA margin

<table>
<thead>
<tr>
<th>The CSI Companies</th>
<th>Staffmark</th>
<th>Advantage Resourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before acquisition</strong></td>
<td><strong>Recent results</strong></td>
<td><strong>Before acquisition</strong></td>
</tr>
<tr>
<td>0.6% ($0.2m)</td>
<td><strong>10.0%</strong> ($12m)</td>
<td>3.3% ($33m)</td>
</tr>
</tbody>
</table>

**Improvement of EBITDA margin of acquired subsidiaries** (EBITDA margin % and EBITDA ($m))
## Expand our business significantly in important markets

<table>
<thead>
<tr>
<th>Ranking(1)</th>
<th>Country</th>
<th>Recruit Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US</td>
<td>The CSI Companies Inc., Staffmark, Advantage Resourcing</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>Recruit staffing - ริคกรูทสไตฟิ่ง, หุ้นส pont กลุ่ม</td>
</tr>
<tr>
<td>3</td>
<td>UK</td>
<td>Advantage Resourcing</td>
</tr>
<tr>
<td>4</td>
<td>France</td>
<td>usg people</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>usg people</td>
</tr>
<tr>
<td>6</td>
<td>Australia</td>
<td>CHANDLER MACLEOD, peoplebank</td>
</tr>
<tr>
<td>7</td>
<td>The Netherlands</td>
<td>usg people</td>
</tr>
<tr>
<td>8</td>
<td>Brazil</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Canada</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Italy</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>Belgium</td>
<td>usg people</td>
</tr>
</tbody>
</table>

(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

\(^{(1)}\) ¥132.83 / €1.00 (As of December 18th 2015, TTM Spot Rate of Bank of Tokyo Mitsubishi UFJ)
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

M&A strategy
Expand and enhance business through M&A

Improve profitability of subsidiaries
Enhance their value by introducing our expertise
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\(^{(2)}\)

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(1) Amortization of goodwill was added back to net income.
(2) Adjusted net income = Net income + Amortization of goodwill.