

Questions at Q2 FY2017 Financial Results Briefing

Recruit Holdings Co., Ltd.

Q2 Consolidated earnings results

Q: Could you tell me the growth investment details in the second half?

A : We put our priority on Indeed. To support its high growth, we continue to invest in its sales force and in marketing activities.

Q: Please describe the next fiscal year forecast.

A : We cannot comment on it as of now. We will consider it regarding the second half performance.

Q: Please explain Indeed's operating regions, revenue by regions, increase of spend per account, the number of service users, the number of clients, ratio of major company to medium/small scale company.

A: We do not disclose revenue by region, however growth rate in the non-US is slightly higher than other regions. We are making good progress in ongoing monetization in developed countries (UK, Canada, and Japan). In addition to many small and medium sized businesses around the world who are our customers, about 80% of the Fortune 500 are spending with us as well. Spend per account is increasing, however, increase of the number of clients further contributed to the revenue growth. As for the number of users, it has already positioned #1 in 12 countries. As we get even bigger, it naturally becomes more difficult to sustain a consistent growth rate. On the other hand, we also focus on measures such as increasing resume posts, and the number of active users by monitoring and managing them, setting appropriate KPI.

Q: Which is the main driver of Indeed's revenue growth, CPC or the number of clients?

A : The auction determines the CPC, therefore it varies depending on type of job or trend in the region. Increase of the number of client drove its revenue growth rather than increase of CPC. We will focus on acquiring new clients.

Q: I understand that the lower cost per hire (CPH) is one of Indeed's competitive advantage. When the CPH rise, you lose the advantage?

A : Most clients are satisfied with our lowest CPH and it result in the high repeat ratio. We believe we are able to keep this advantage, even if supply and demand balance makes CPC a

little bit higher.

Introduction to Media & Solutions Business

Q: How many active account in total 300 thousand Air REGI account?

A : We do not disclose the number of active account, however we are sure that as we provide more services, the usage rate will increase.

Q: Please tell us how you think about possibility of charging transaction fee for your services in the Beauty Business?

A : We charge monthly fee to our clients as of now because SME clients would not easily accept fluctuating cost.

Q: Please discuss your long-term strategy for advertisement and operating support service. Do you focus on existing ad business to grow further, or do you intend to grow operating support service as an alternative profit source in case that the ad business slows down?

A : We believe that the ad business grow further by increasing number of clients. When we used to operate paper media only, the business fields were limited, therefore there was regional limitation to the growth. However, as an online media, we are able to expand our business without regional limitation and there is a room to grow more. Also we aim to increase the share of client's wallet, not only for promotion cost, but also including other expenses.

Q: Given that balance between demand and supply has been tight in Japanese HR business, it seems that some companies cannot afford promotion expense, doesn't it? Also, does Indeed compete with Recruit's Domestic Recruiting businesses?

A : There are a lot of companies that have never experienced our media services and we believe we can grow more by increasing the number of clients. As for relationship with Indeed, Recruit encourages healthy competition among its subsidiaries, because thorough the competition, they create the market and grow together.

Q: How many engineers do you have in operating support service team? Also please tell me capability of the engineers and team management system including relationship with other business units.

A : At least 50 (up to 400) engineers are in each operation. We put priority on developing horizontal service across Recruit Group not only vertical services. We also focus on hiring

engineers and headcount. As for their capability, we focus on big data analysis and they are the highest level in Japan.

Q: It seems that growth rate slows down in the number of Air REGI account and the number of restaurant using real-time online service. Are they on steady trend? Please explain the revenue growth potential of operating support service.

A : We focus on attracting new clients in addition to increasing repeat use by existing clients with new service (Restaurant Board etc.) we launched this fiscal year. We cannot comment on specific growth potential but we believe that we are able to acquire share of wallet. For your information, current revenue in Dining business is mainly from advertisement. The operating support service revenue is reported on Others in Marketing Solutions.

Q: Please share example of operating support services in the Lifestyle businesses.

A : We have launched services in Automobile business. Also we aim to offer the services in the Housing and Real Estate and Bridal businesses.

Q: In Domestic Recruiting business, Q2 revenue growth is lower than that of Q1. In which business did it happen and what do you estimate future trend?

A : We do not disclose growth rate by business. There is a fluctuation in quarterly basis, however, the favorable market condition has continued and we have not changed our full-year forecast.

Q: What is your strategy for alliance with Ponta?

A : We became an alliance partner of PONTA to enhance user satisfaction and to make users stay in our service platforms for a longer term. We are sure its success and will continue it.

Q: Do you plan to develop new media to strengthen Media & Solutions business?

A : As a result of operating support service success, we now acquire clients across industries in Japan. Therefore, we see opportunities to launch new medias in Japan. Using our know-how accumulated so far, launch cost could be lower compared to past. But there is nothing that we can mention specifically at the moment.

Q: Please tell us the AI research laboratory's study.

A : At the AI lab, eight researchers work in cutting edge AI research separately from service development. Also, Recruit Technologies 60 members are working on how to apply the research result to our businesses.

Q: What is the key to keep Media & Solutions business advantage?

A : In our company, in some cases, engineers visit client's stores and experience their daily work to develop or improve services. Like this, everyone tackles challenges and creates new value. We think such corporate culture contributes to our competitive advantage and hiring talented employees.

Q: In which business do you plan to offer operating support services other than Dining and Beauty businesses?

A : We see the opportunity in the industry with certain scale, and companies in the industry highly facing operating difficulties.

Q: Regarding Study Sapuri in which you charge individual users, do you plan to start charging users in other businesses?

A : We do not give priority on charging users. In the process of developing new service Study Sapuri to solve the inconvenience or dissatisfaction in our society, we found the appropriate business model was to charge users. But we do not deny its possibility of charging users in the future.

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