Summary of Financial Results for Q1 FY2015
Recruit Holdings Co., Ltd.

Results for Q1 FY2015

- Consolidated Earnings Summary

Consolidated earnings in the first quarter, all of the three major segments recorded an increase in sales and EBITDA and made steady progress. As a result, net sales were ¥344.1 billion, an increase of 12.5% year-on-year, and EBITDA was ¥49.7 billion, an increase of 4.7% year-on-year. In the first quarter, earning results made strong progress toward our forecast for the first quarter and also made steady progress toward full-year forecast. The operating income increased to ¥30.1 billion, a decrease of 4.7% year-on-year, due to increase in depreciation and goodwill amortization expenses. The net income attributable to owners of the parent was ¥22.2 billion, an increase of 19.5% year-on-year, as we posted an extraordinary income of ¥7.1 billion on the sales of investment securities, the profit from phased acquisition of shares related to M&A and so on. A part of these extraordinary income has incorporated into the full-year forecast announced at the beginning of the term.

From the first quarter, Quandoo and Peoplebank which we acquired and converted into subsidiaries contributed to consolidated earnings. Excluding these new subsidiaries, the net sales in the existing business were ¥334.1 billion, an increase of 9.4% year-on-year, and EBITDA was ¥50.2 billion, an increase of 5.7% year-on-year. These also made steady progress.

We schedule to consolidate acquired subsidiaries as follows. Quandoo and Peoplebank were consolidated in the first quarter, Chandler and Atterro will be consolidated in the second quarter (scheduled), Hotspring and Treatwell will be consolidated in the third quarter (scheduled).

Since we changed the expenses report for M&A’s advisory fees, which we had included the acquisition expenses, to record in a lump from this quarter following the revision in accounting standard and committed to strengthen IT strategy, the
reconciliations made a decline in EBITDA with ¥(4.3)billion, a decrease of ¥1.4billion year-on-year.

Despite these increasing expenses, EBITDA in all segments made strong progress toward forecast and increased year-on-year from the first quarter due to the favorable trend of each segment, especially overseas recruitment, travel, and beauty businesses’ strong trends.

**Marketing Media**

The Marketing Media segment recorded net sales of ¥81.8billion, an increase of 5.8% year-on-year, and EBITDA of ¥23.8billion, an increase of 2.3% year-on-year.

Life Event operation’s net sales trended solidly with an increase of 2.1%, while those in previous fiscal year remained stable. Lifestyle operations net sales increased by 9.5% and continued to trend favorably.

In the Life Event operations, since the supply of newly-built condominium apartments still remain low levels, net sales in the condominium apartment division of the housing and real estate business trended sluggishly. However, the trend have become stable with a decrease of low small percentage, and net sales in the independent housing division and the leasing division continued to trend favorably. As a result, net sales in entire housing and real estate business increased by 6.1% year-on-year. In the bridal business, net sales trended stably with a decrease of 0.8% year-on-year.

In the Lifestyle operations, the accommodation rate per person per night rose continuously from previous period owing to rising accommodations’ operation rate and the total number of guests using our services increased, consequently, net sales in the travel business increased by 15.4% year-on-year. In the beauty business, the number of reservation was 8.0million and it shows strong progress with double digits growth rate year-on-year. As a result, the transaction with existing clients and the acquisition of new clients improved and net sales increased by 20.8% year-on-year.

On the other hand, the dining business remained an increase of 4.5% year-on-year, due to the impact of continuing poor track records of major clients. We made steady
progress in the acquisition of small and medium-sized enterprise clients that we have promoted as our strategy, as a result, the number of paying clients in the first quarter increased by approximately 26% year-on-year. The number of online users in dining business was 7.2million and it shows the strong progress rate with double digits growth rate year-on-year same as the beauty business.

About the progress in our key strategy in domestic businesses, ‘Air Series’ introduction, which we have been promoting as business supports for small and medium-sized enterprises, achieved 176thousand ‘Air REGI’ accounts in this first quarter. We determined to introduce a new credit card payment service accessible via smart devices, ‘Air payment’, which available with ‘Air REGI’ from mid-November 2015. We continue to strengthen the promotion of ‘Air Series’ to increase the number of accounts effectively from now on and monetize this service in the future.

Education related business also showed steady advances. The number of paying members of Jyuken Sapuli, grew up to 133thousand in this quarter.

In the Marketing Media, Quandoo, a European online dining reservation service company, have contributed to earnings from this quarter. There is no change in the outlook on enhancing the value of Quandoo from the beginning of this acquisition project, now we commit to increase the number of clients to make Quandoo the No.1 online reservation company in Europe. The number of the restaurants using Quandoo reservation service was approximately 6,900 as of the end of March 2015. Considering that we converted Quandoo into a subsidiary in March 2015 and the consolidation of the overseas subsidiary was three months after the conversion, our measures to enhance Quandoo’s value was not contribute in the earning results of it yet in this quarter. Though, the number of restaurants using Quandoo reservation service increased by more than 8,000 as of the end of June 2015 and it continues to expand steadily. Hotspring and Treatwel, online beauty salon reservation companies in Europe, will be consolidated from third quarter of fiscal year 2015.

■HR Media

The HR Media segment recorded net sales of ¥80.3billion, an increase of 16.2% year-on-year reflecting favorable trend in domestic and overseas recruiting business. We continuously strengthened investments in overseas recruiting except the US to
attract users toward the aim of further growth over the medium-to-long-term. As a result, EBITDA was ¥21.3billion, an increase of 8.6% year-on-year. In domestic recruiting operations, the favorable market environment has continued as it showed in the ratio of job-offers to job-seekers, which recorded 1.19 times higher in this June. As a result, job advertisements for mid-career recruitment, employment placement of the mid-career recruitment and part-time/temporary recruitment division trended solidly, and net sales was 59.8billion, an increase of 6.1% year-on-year.

In overseas recruiting, as the number of small and medium-sized enterprise clients continued to increase, net sales increased significantly by 80.6% year-on-year. The positive impact of the weak yen to net sales was ¥1.5billion. Excluding this impact, our net sales growth rate was 64.1%. The number of Unique Visitors in a month has grown up to 177million, an increase of 52.6% year-on-year as of March 2015 due to the steady progress in the region except the US.

### Staffing

The Staffing segment recorded net sales of ¥184.2billion, an increase of 13.6% year-on-year due to the positive impact of weak yen in the Overseas Staffing and the contribution from a new subsidiary Peoplebank, a staffing company mainly for IT professional and engineer in Australia, in addition to reflecting favorable trend in Domestic Staffing. EBITDA was ¥10.5billion, an increase of 16.1% year-on-year, due to an increase in net sales and the progress on management efficiency of existing overseas subsidiaries.

In Domestic Staffing, Net sales increased by 4.8% year-on-year. Net sales growth rate in this quarter remained mid-single digit, since the business day in this quarter was less by a day than that of the same period of previous fiscal year according to the calendar. Although, we are making favorable progress towards achieving our full-year forecast which aim to high single digit in net sales growth rate.

In Overseas Staffing, net sales increased by 26.3%. The period of consolidation of Peoplebank during this quarter was two months. The contribution in net sales was ¥9.5billion. The positive impact of weak yen was ¥8.9billion. Excluding this impact and newly consolidated subsidiaries’ results, net sales decreased by 1.6%. It was
affected by the expiration of transaction with one of the major client for the enhancement of efficient management and the downturn in some industry, however, these factors have incorporated into the full-year forecast. Since our key strategy EBITDA margin growth and actual results made a progress more than expected towards our forecast, we consider it trends steadily. Chandler, a company in Australia, and Atterro, a company in the US, will be consolidated from the second quarter in fiscal year 2015.

**Full-year forecast for FY2015**

- Consolidated earnings forecast

There is no change in the full-year forecast announced at the beginning of the term.

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