

Summary of Financial Results for Q2 FY2015

Recruit Holdings Co., Ltd.

Results for Q2 FY2015

■ Consolidated Earnings Summary

Results of the second quarter showed continuing favorable trend from previous quarter, especially in overseas business in Staffing segment, and travel/beauty business in Marketing media segment. As a result, net sales came to 736.4 billion yen, up by 19.3% year-on-year, EBITDA rose by 9.3% to 93.7 billion yen. In the first half, net sales and EBITDA exceeded the forecast and resulted in a favorable trend. Operating income down 2.1% to 52.2 billion yen since depreciation and good will amortization were increased. We reported 7.7 billion yen of extraordinary income — which are mainly reported in the first quarter — including gain on sales of investment securities and step acquisition. Net income grew 14.1% year-on-year to 32.4 billion yen.

We consolidated Quandoo and People bank in the first quarter, Chandler and Atterro in the second quarter. Deducting these subsidiaries earnings, that is, the results of existing business, net sales up by 9.7% year-on-year to 677.0 billion yen and EBITDA grew 9.0% to 93.5 billion yen. These are also on steady growth.

Reconciliation in Other segment has continued to be negative as we changed reporting of expenses related to acquisition advisory fee to post in a lump sum, enhanced recruiting IT personnel and developing its human resources and strengthened IT security measures. Despite these factors, EBITDA has benefited strong trend in overseas staffing, travel, and beauty business. It continued a year-on-year increase from previous quarter.

■ Marketing Media

Net sales up by 5.7% to 166.9 billion yen, and EBITDA increased by 0.5% to 44.1 billion yen. Life Event net sales grew solidly by 1.8%, and that of Lifestyle rose

favorably by 9.5%.

On the other hand, EBITDA remained a year-on-year increase of 0.5%, since Quandoo — which offers an online reservation service for restaurants in Europe — has contributed from the first quarter. It is a start-up company, therefore, its EBITDA was negative as we estimated.

In Life Event operations, new condominium division of housing and real estate business was sluggish due to short supply of newly built condominiums. However, the decline trend has become moderate year-on-year. On the contrary, independent housing division and leasing division continued to trend favorably. These result in an increase of 5.8% year-on-year on housing and real estate net sales. Bridal net sales down 0.2%, though it's still on solid trend.

In Lifestyle operation's travel business, room night rate and total guest using our services continued to increase reflecting the rise in operation rate of accommodations. Therefore, net sales up by 16.4% year-on-year. Room night rate grew by mid-single digit and total guest night growth rate was high-single digit. Both rates equal to those of in the first quarter. In beauty business, number of online reservations recorded 17.33million in the second quarter, double digits growth rate year-on-year. The steady growth reflects transaction expand with existing clients and acquisition of new clients, which in turn benefit its net sales increase of 18.7%. In dining business, the decline trend from poor performance of major clients still has shown, though, acquisition of small- and medium-sized clients has improved. As a result, net sales up by 5.0% year-on-year. Number of paying clients grew by 25% year-on-year as of the end of the second quarter. In this quarter, number of seats reserved online achieved 14.58 million. It has continued to show high growth rate, double digits growth, same as beauty business. Regarding progress of domestic business measures, we have been promoting Air Series, business support service for small- and medium-sized enterprises. Number of Air REGI accounts increased to 205 thousand as of the end of the second quarter. We continued to strengthen Air Series aiming to monetize them by rising usage rate and frequency in this fiscal year as well as expanding number of accounts efficiently. The education related business also grew steadily. Number of Jyuken Sapuri's paying subscribers recorded 147 thousand as of the end of second quarter.

We consolidated Quandoo, a dining online reservation service company, from previous quarter. It has grown as expected. To be the No1 in terms of online reservation in EU Dining market, we commit to increase the number of restaurants using Quandoo's service. It achieved about 86 thousand as of the end of June 2015. It increased steadily and exceeded 11,500 in the end of October. From third quarter, we will consolidate Hotspring and Treatwell, online beauty salon reservation service companies in EU. Number of salons using Hotspring's reservation service is more than 18 thousand as of the end of September 2015, it grew steadily in line with outlook.

■ HR Media

In HR media, net sales increased by 18.5% to 162.1 billion yen, reflecting favorable trend both in domestic and overseas business. EBITDA rose with the overseas business' net sales increase. It grew significantly by 20.7% year-on-year to 38.8 billion yen.

In domestic recruiting, favorable market condition has continued. Effective ratio of job offers to job seekers recorded 1.24 in September. Amid these factors, we committed to acquiring users and enhancing operating system. It led net sales up by 7.2% year-on-year to 117.1 billion yen.

In overseas business, net sales rose significantly by 81.0% owing to increase of small- and medium-sized clients.

Impact from the weak yen was 3.7 billion yen, and deducting it, net sales growth rate was 62.2%. Average number of UVs per month during Jan. - Jun. 2015 achieved 169million, up by 48.2% year-on-year, due to steady growth outside of the US.

■ Staffing

Net sales increased by 25.7% to 412.3 billion yen, due to solid trend of domestic Staffing business, impact from weak yen in overseas business, and contribution from new subsidiaries. EBITDA grew 20.3% to 22.8 billion yen, reflecting efficient operation of overseas subsidiaries in addition to increase of net sales.

In domestic Staffing, net sales up by 4.9% year-on-year.

Net sales in overseas Staffing increased by 54.8% year-on-year benefiting from an impact from weak yen. In the second quarter, we consolidated Chandler in Australia, and Atterro in the US. Contribution of the new subsidiaries to net sales totaled 59.1 billion yen in the first half. Peoplrbank, which we have consolidated in the first quarter, trend favorably exceeding the outlook. We continue to enhance its value as well as Chandler and Atterro, which are also consolidated in the second quarter. The impact from weak yen was 20.4 billion yen. Deducting these factors, net sales decreased by 3.4%. As we announced before, this decline was due to the end of some transactions and has incorporated to the full-year forecast. Since EBITDA margin growth, which we set as our key strategy, and EBITDA have been improving more than expected, we recognize that we are on steady progress.

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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