

Summary of Financial Results for Q3 FY2015

Recruit Holdings Co., Ltd.

Results for Q3 FY2015

■ Consolidated Earnings Summary

The third quarter results showed continuing favorable trend from the first half, especially in overseas business in Staffing segment, and travel business in Marketing media segment. As a result, net sales came to 1,139.4 billion yen, up by 21.8%, EBITDA rose by 5.4% to 146.6 billion yen.

The results advanced strongly toward outlook. Net sales and EBITDA exceeded the forecast and resulted in a favorable trend. Operating income decreased by 7.3% year-on-year to 81.9 billion since depreciation and good will amortization were increased. Net income was 47.7 billion yen, lost 1.8% year-on-year.

We consolidated Hotspring and Treatwell in the third quarter. Deducting these subsidiaries earnings, that is, the results of existing business, net sales up by 9.8% year-on-year to 1,026.9 billion yen and EBITDA grew by 5.9% to 147.4 billion yen. These are also on steady growth.

■ Marketing Media

Net sales increased by 4.6% to 250.6 billion yen, and EBITDA decreased by 5.8% to 68.2 billion yen. Life Event showed solid growth of 1.1%, and lifestyle rose favorably by 7.3%. As we estimated, EBITDA decreased by 5.8%, since Quandoo, Hotspring, Treatwell started to contribute from this fiscal year. The change in EBITDA trend comes from new subsidiaries consolidation and temporary impact of system failure in beauty business.

Life Event: in housing and real estate business, new condominium division was sluggish due to short supply of newly built condominiums. On the contrary,

independent housing division and leasing division continued to trend favorably. These resulted in an increase of 4.8% year-on-year on housing and real estate net sales. Bridal net sales down 0.6%, though it's still in solid trend.

Lifestyle: in travel business, room night rate and total guest using our services continued to rise reflecting inbound tourism boom. Net sales increased by 14.7% year-on-year. Room night rate grew by mid-single digit. The growth rate of total guest nights is estimated to slow down since we have less holidays in this quarter. However it still continued to show high growth rate of mid-single digit in the third quarter. In dining business, the impact of decline trend from poor performance of major clients has stopped, and acquisition of small- and medium-sized clients has improved. As a result, net sales up by 5.5% year-on-year. In addition, number of paying clients grew strongly by 22.1% year-on-year. Number of seats reserved online was 27.23 million in the third quarter, it continue to show high growth rate at double digits rate year-on-year. In beauty business, net sales growth rate of 13.1% was lower than that of in the first half. This is due to temporary impact of system crash occurred in the third quarter. Deducting the impact, net sales increased more than the first half, thus, there is no change in business condition and our competitive advantage. Number of online reservation recorded 32.59 million in the third quarter, it also achieved double digits high growth rate year-on-year same as dining business.

Progress of domestic business key strategy: we have been promoting Air Series, business support service for small- and medium-sized enterprises. Number of Air REGI accounts increased to 218 thousand as of the end of the third quarter.

We continued to strengthen Air Series by rising usage rate and frequency as well as expanding number of accounts efficiently. Now, aiming to monetize, we start to bill some services such as 'Air wait' , 'Air payment', and mobile payment service for Air REGI. The education related business also grew steadily. Number of Jyuken Sapuri's paying subscribers recorded 153 thousand as of the end of third quarter. It acquired high reputation among users as it ranked No.1 in October 2015 Oricon Customer Satisfaction Ranking (online/correspondence education course for high

school student category).

Overseas subsidiaries progress: Quandoo, a dining online reservation service company mainly in Europe, now we give priority to expansion of the number of clients restaurant for Quandoo's online reservation service. It achieved about 10 thousand as of the end of September 2015 and, as of the end of December 2015, it exceeded 12 thousand, increasing steadily. From the third quarter, we consolidated Hotspring and Treatwell, online beauty salon reservation service companies in Europe. We also focus on expansion of the number of clients as well as Quandoo. Number of salons using Hotspring's reservation service is more than 18 thousand as of the end of September 2015, and it exceeded 20 thousand as of the end of December 2015, these grew steadily. We operated these two company by each brand name, however we unified them into 'Treatwell' from January 2016. Each subsidiaries focus on increasing clients as strategy, and they are on the phase of making business base to expand the business in the future. Therefore, it reported a loss on EBITDA in this fiscal year. However, its track record is within the outlook.

■ HR Media

In HR media, net sales increased by 19.1% year-on-year to 246.4 billion yen, reflecting favorable trend both in domestic and overseas business. EBITDA grew by 16.9% year-on-year to 59 billion yen. We continue to enhance the investment for acquiring users amid expanding business into many countries.

In domestic recruiting, favorable market condition has continued. Effective ratio of job offers to job seekers recorded 1.27 in December. With these factors, mid-career recruiting ads and mid-career placement trended solidly as we committed to acquiring users and enhancing operating system. It led net sales up by 6.7% year-on-year.

In overseas recruiting, we are expanding business base to other countries. We continue to invest in acquiring users and implement appropriate investment regarding market conditions. Impact from the weak yen was 6.3 billion yen, and deducting it, net sales growth rate was 63.2 %. Average number of UVs per month during January-September 2015 achieved 172million, upped by 44.4% year-on-

year, due to steady growth outside of the US.

■ Staffing

Net sales increased by 30.6% to 649.4 billion yen, due to solid trend of domestic Staffing business, impact from weak yen in overseas business, and contribution from new subsidiaries. EBITDA grew 18.9% to 36.3 billion yen, reflecting efficient operation of overseas subsidiaries in addition to increase of net sales.

In domestic Staffing, demand for dispatched workers has increased steadily reflecting recovery of domestic economy. Number of active agency worker increased in nine consecutive quarters. The market environment continued to trend solidly. However, the growth rate has been slowed down, so we will continue to monitoring the environment. Amid these factors, EBITDA increased by 5.5% year-on-year due to enhancement of operating system and measures to increase the registered workers.

In overseas Staffing, net sales increased by 65.6% year-on-year benefiting from the impact of weak yen and newly consolidated subsidiaries. Contribution of new subsidiaries, Peoplebank, Chandler, and Atterro to net sales totaled 111.3 billion yen in the third quarter. They trend favorably toward outlook.

The impact from weak yen was 31.2 billion yen. Deducting these factors, net sales decreased by 2.9%. As we announced before, this decline is because the end of some transactions to realize efficient operation and has incorporated to the full-year forecast. Since EBITDA and EBITDA margin growth, which we set as our key strategy, 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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