FY2015 Financial Summary & Mid Term Management Strategy

Masumi Minegishi
President, CEO, and Representative Director

May 13, 2016
FY2015
Consolidated Financial Highlights
FY2015 Financial Highlights

Record High Net Sales / EBITDA

→ Net sales
  ¥1,588.6 billion, +22.2% YoY, increase in five consecutive fiscal years

→ EBITDA
  ¥202.2 billion, +5.7% YoY, increase in four consecutive fiscal years

Net Sales Increased in Three Main Segments

→ Marketing Media +4.8%, HR Media +18.7%, Staffing +31.8%

Ratio of Overseas Sales to consolidated net sales 35.9%

→ Overseas Net Sales ¥ 570.0 billion

→ Indeed Net Sales +83.1%
## Consolidated Earnings Summary

✓ Record high net sales and EBITDA

<table>
<thead>
<tr>
<th>(JPY Bn)</th>
<th>FY2014</th>
<th>Full-Year Forecast</th>
<th>FY2015</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>1,299.9</td>
<td>1,550.0</td>
<td>1,588.6</td>
<td>+22.2%</td>
</tr>
<tr>
<td>EBITDA-1</td>
<td>191.4</td>
<td>201.0</td>
<td>202.2</td>
<td>+5.7%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>14.7%</td>
<td>13.0%</td>
<td>12.7%</td>
<td>-2.0pt</td>
</tr>
<tr>
<td>Operating income</td>
<td>122.4</td>
<td>112.0</td>
<td>114.0</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>125.6</td>
<td>117.0</td>
<td>119.3</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>69.7</td>
<td>65.0</td>
<td>64.5</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Net income before amortization of goodwill-2</td>
<td>107.5</td>
<td>112.5</td>
<td>112.4</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Dividend per share (JPY)</td>
<td>47</td>
<td>50</td>
<td>50</td>
<td>—</td>
</tr>
</tbody>
</table>

*1: EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

*2: Net income before amortization of goodwill= Net income attributable to owners of the parent + Amortization of goodwill

*3: Assuming exchange rate: JPY119.00/USD, JPY 91.00/AUD

*4: Average exchange rate: JPY 121.10/USD (JPY 105.79/USD for FY2014), JPY 91.07/AUD
## Consolidated Earnings in Existing Businesses

<table>
<thead>
<tr>
<th>(JPY Bn)</th>
<th>FY2014</th>
<th></th>
<th>(Ref.) FY2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-year</td>
<td>Full-Year Forecast</td>
<td>Full-year</td>
<td>YoY Change</td>
</tr>
<tr>
<td>Net Sales</td>
<td>1,299.9</td>
<td>1396.0</td>
<td>1422.7</td>
<td>+9.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>191.4</td>
<td>202.5</td>
<td>203.3</td>
<td>+6.3%</td>
</tr>
</tbody>
</table>

*1: Assuming exchange rate: JPY119.00/USD, JPY 91.00/AUD  
*2: Average exchange rate: JPY 121.10/USD (JPY 105.79/USD for FY2014), JPY 91.07/AUD

## Newly Consolidated Subsidiaries

<table>
<thead>
<tr>
<th>Consolidation Start</th>
<th>Period (in FY2015)</th>
<th>Company</th>
<th>Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>full year</td>
<td>Quandoo GmbH, Germany</td>
<td>Marketing Media Other</td>
</tr>
<tr>
<td></td>
<td>11 months</td>
<td>Peoplebank Holdings Pty Ltd</td>
<td>Overseas Staffing</td>
</tr>
<tr>
<td>Q2</td>
<td>9 months</td>
<td>Chandler Macleod Group Limited</td>
<td>Overseas Staffing</td>
</tr>
<tr>
<td></td>
<td>7 months</td>
<td>Atterro, Inc.</td>
<td>Overseas Staffing</td>
</tr>
<tr>
<td>Q3</td>
<td>6 months</td>
<td>Hotspring Ventures Limited</td>
<td>Marketing Media Other</td>
</tr>
<tr>
<td></td>
<td>6 months</td>
<td>Treatwell Holdings B.V.</td>
<td>Marketing Media Other</td>
</tr>
</tbody>
</table>
Mid Term Management Strategy
(FY2016 - FY2018)
Long Term Vision

2030
Be the No.1 in Global HR Business & Matching Platform in terms of ‘Service User Population’

2020
Be the No.1 in Global HR Business in terms of ‘Number of Positions Filled’

Sustainable growth in domestic business

Enhance competitive advantage
Expand and enhance user/client base

Develop new businesses
Leverage IT to create new growth businesses

Further growth in overseas business

Existing business growth
Introduce our expertise to accelerate growth and improve profitability

M&A strategy
Expand and enhance business through M&A
Key Strategy for Mid Term Growth

Further growth in overseas business

- **Existing business growth**
  - Introduce our expertise to accelerate growth and improve profitability

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

Sustainable growth in domestic business

- **Enhance competitive advantage**
  - Expand and enhance user/client base

- **Develop new businesses**
  - Leverage IT to create new growth business

Further expand in Indeed

Growth and progress of Air Series and Study Sapuri
Indeed: Proven Track Record of Success (UVs)

✓ The Internet service with 200 million users

Source: Google Analytics
Indeed: Proven Track Record of Success  
(UV ranking by countries)

✔ Acquiring overwhelming presence in each country

Source: comScore
Indeed: Proven Track Record of Success (Net sales)

✓ Achieved 60% growth in FY2015

- Achieved 60% growth in FY2015

<table>
<thead>
<tr>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ 0 million</td>
<td>US$ 435 million</td>
<td>US$ 696 million</td>
</tr>
</tbody>
</table>

* Converted JPY net sales into US$ (Using average exchange rate in each year)
Indeed: Growth Strategy for the Future

- Active investment to be the key growth driver over the mid term
- More than double over the next three years

- **M&A**
  - Entering solution provider business for wider HR services with our user and client base

- **Strengthen existing businesses**
  - Promote monetization in the US
  - Continuous marketing investment in other countries
Air REGI

✅ # of accounts increase steadily

- Air REGI # of accounts -

- Mar. 31 2015: 161 thousand
- Mar. 31 2016: 233 thousand
Air Series

- Expand operation support service by developing various services and partnership with other companies.

<table>
<thead>
<tr>
<th>Clients’ operating flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase</td>
</tr>
</tbody>
</table>

- **Air Series**
- Partnership with Our Platforms
- Partnership With Other Companies

---

*1 Alipay/LINEpay: Partnership through mobile payment for AirREGI
Air Series

✓ Partnership with Apple, BIC CAMERA, etc.

Recruit Lifestyle Co., Ltd becomes an Apple mobility partner for free POS App ‘Air REGI’ development to accelerate business support solution service with iPad & iOS.
Study Sapuri

- High school course: turned into the black
- Elementary & Junior high school course: increase paying members steadily (launched last year)

# of paying subscribers to High school course

- Mar. 31 2015: 89 thousand
- Mar. 31 2016: 167 thousand
Study Sapuri

✓ Contribute to school education
✓ Used at high schools for supplemental materials

March 31, 2015 → March 31, 2016

215 → 700

High schools approx. 5,000
Financial Policy

Key management index: Adjusted EPS
High single digit CAGR over the next three years (FY2016-2018)

Growth Investment: JPY 700 Billion Capacity for Mid-Term

Leverage: Use Debt Financing
   maintain A rating from domestic credit rating agencies

Capital Efficiency: Adjusted ROE, maintain around 15%

Payout Ratio: Around 25% of net income before amortization of goodwill

* Adjusted ROE = net income before amortization of goodwill / equity capital
FY2016
Full-year forecast
## FY2016 Full-year forecast

<table>
<thead>
<tr>
<th>(JPY Bn)</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2016 Forecast*¹</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>1,588.6</td>
<td>1,690.0</td>
<td>+6.4%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>202.2</td>
<td>217.0</td>
<td>+7.3%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>114.0</td>
<td>121.5</td>
<td>+6.5%</td>
<td></td>
</tr>
<tr>
<td>Ordinary income</td>
<td>119.3</td>
<td>126.5</td>
<td>+6.0%</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>64.5</td>
<td>61.5</td>
<td>-4.7%</td>
<td></td>
</tr>
<tr>
<td>Net income before amortization of goodwill</td>
<td>112.4</td>
<td>110.5</td>
<td>-1.8%</td>
<td></td>
</tr>
<tr>
<td>Dividend per share (JPY)</td>
<td>50</td>
<td>50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted financials

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2016 Forecast*¹</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted net income*¹</td>
<td>118.3</td>
<td>121.5</td>
<td>+2.7%</td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS (JPY) *³</td>
<td>209.57</td>
<td>215.14</td>
<td>+2.7%</td>
<td></td>
</tr>
</tbody>
</table>

*¹: Assuming exchange rate: JPY115.00/USD, JPY 81.00/AUD (JPY 121.10/USD, JPY 91.07/AUD for FY2015)
*²: As of now, the consolidated financial results forecast is equal to the financial results forecast for existing business
*³: Refer to Appendix

(Ref.²) FY2016 Full-year

<table>
<thead>
<tr>
<th>(Ref.²)</th>
<th>FY2016</th>
<th>Full-year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Forecast*¹</td>
</tr>
<tr>
<td>Net Sales</td>
<td>1,690.0</td>
<td>+6.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>217.0</td>
<td>+7.3%</td>
</tr>
</tbody>
</table>

20
Appendix
Adjusted EPS Definition

Adjusted net income:
Net income attributable to owners of the parent ± adjustment items* (excluding non-controlling interests) ± tax reconciliation regarding the adjustment items

Adjustment items:
amortization of goodwill and intangible assets arising due to business combinations ± extraordinary income/losses

Adjusted EPS:
adjusted net income / (number of shares issued at the end of the period - number of treasury stock at the end of the period)