

Financial Results for Q2 FY2017



Recruit Holdings Co., Ltd.

Keiichi Sagawa
CFO and Senior Managing Corporate Executive Officer

November 14, 2017



■ Disclaimer

In preparing these materials, Recruit Holdings Co., Ltd. relies upon and assumes the accuracy and completeness of all available information. However, we make no representations or warranties of any kind, express or implied, about the completeness and accuracy. This presentation also contains forward-looking statements. Actual results, performance and achievements are subject to various risks and uncertainties. Accordingly, actual results may differ significantly from those expressed or implied by forward-looking statements. Readers are cautioned against placing undue reliance on forward-looking statements.

Third parties are not permitted to use and/or disclose this document and the contents herein for any other purpose without the prior written consent of Recruit Holdings Co., Ltd.

■ First Half Fiscal Year 2017 Highlights

■ 1H FY 2017 Results were favorable

Revenue: +15.0%, EBITDA: +14.4%, Adjusted EPS: +11.1%

■ HR Technology, Media & Solutions, and Staffing segments achieved revenue & EBITDA increases

■ HR technology achieved continued strong revenue growth

Revenue: +59.3% in USD terms*1

*1: This is the local financial results of Indeed, which differ from the figures of reported Recruit Holdings Co., Ltd. consolidated results under IFRS due to differences in consolidation methodologies.

1H FY2017 Consolidated Financial Results

	FY2016	FY2017		
	1H (Apr-Sep)	1H (Apr-Sep)	YoY Change	YoY Change After adjustment*2
Revenue	924.7	1,063.0	+15.0%	-
EBITDA	121.7	139.2	+14.4%	-
EBITDA margin	13.2%	13.1%	-0.1pt	-
Operating income	117.4	108.3	-7.7%	+13.7%
Profit attributable to owners of the parent	83.9	82.0	-2.3%	-
Adjusted profit	72.6	80.6	+11.1%	-
Adjusted EPS (Yen)	43.47*1	48.30	+11.1%	-
Dividend per share (Yen)	-	11.00	-	-

*1: Applying 3-for-1 stock split which was implemented on July 1, 2017 *2: Excluding proceeds from sales of subsidiary and relevant tax reconciliation from FY2016 figures

■ Q2 FY2017 Consolidated Financial Results

(JPY Bn)	FY2016	FY2017		
	Q2 (Jul-Sep)	Q2 (Jul-Sep)	YoY Change	YoY Change After adjustment ^{*2}
Revenue	486.1	538.6	+10.8%	-
EBITDA	58.6	67.3	+14.8%	-
EBITDA margin	12.1%	12.5%	+0.4pt	-
Operating income	67.4	52.0	-22.8%	+15.0%
Profit attributable to owners of the parent	49.1	41.8	-14.9%	-
Adjusted profit	34.0	38.3	+12.6%	-
Adjusted EPS (Yen)	20.71 ⁽¹⁾	22.97	+10.9%	-

*1: Applying 3-for-1 stock split which was implemented on July 1, 2017 *2: Excluding proceeds from sales of subsidiary and relevant tax reconciliation from FY2016 figures

Results by Segment

(JPY Bn)	FY2016	FY2017			
Revenue	Q2 (Jul-Sep)	Q2 (Jul-Sep)	YoY Change	1H (Apr-Sep)	YoY Change
Consolidated results	486.1	538.6	+10.8%	1,063.0	+15.0%
HR Technology	29.9	52.7	+75.8%	99.1	+67.9%
Media & Solutions	161.1	166.7	+3.5%	332.0	+2.9%
Staffing	299.9	324.6	+8.2%	642.6	+16.3%
Corporate Expenses/ Elimination	-4.9	-5.4	-	-10.7	-
EBITDA					
Consolidated results	58.6	67.3	+14.8%	139.2	+14.4%
HR Technology	3.9	8.4	+116.1%	16.1	+96.6%
Media & Solutions	37.2	39.0	+4.7%	82.2	+1.0%
Staffing	17.6	20.1	+14.0%	40.7	+25.3%
Corporate Expenses/ Elimination	-0.2	-0.2	-	0.0	-

Media & Solutions: Results by Business

(JPY Bn) Revenue	FY2016	FY2017			
	Q2 (Jul-Sep)	Q2 (Jul-Sep)	YoY Change	1H (Apr-Sep)	YoY Change
Media & Solutions	161.1	166.7	+3.5%	332.0	+2.9%
Marketing Solutions	91.9	96.8	+5.4%	188.6	+3.3%
Housing and Real Estate	23.9	25.1	+5.4%	49.8	+0.4%
Bridal	13.7	13.9	+1.6%	27.8	+1.9%
Travel	16.9	16.9	-0.1%	30.5	-1.5%
Dining	8.9	8.8	-1.1%	17.6	-1.0%
Beauty	14.1	15.7	+11.0%	30.7	+10.4%
Others	14.2	16.2	+13.9%	31.9	+10.6%
HR Solutions	67.6	68.7	+1.7%	140.0	+3.2%
Domestic Recruiting	61.4	62.2	+1.4%	128.5	+2.8%
Others	6.2	6.4	+4.1%	11.4	+7.2%
Corporate Expenses/ Eliminations	1.5	1.1	-24.5%	3.3	-21.6%
EBITDA					
Media & Solutions	37.2	39.0	+4.7%	82.2	+1.0%
Marketing Solutions	23.3	25.2	+8.1%	50.0	+1.4%
HR Solutions	16.0	17.4	+8.8%	38.2	+10.4%
Corporate Expenses/Eliminations	-2.1	-3.6	-	-6.0	-

■ Staffing: Results by Business

(JPY Bn) Revenue	FY2016	FY2017			
	Q2 (Jul-Sep)	Q2 (Jul-Sep)	YoY Change	1H (Apr-Sep)	YoY Change
Staffing	299.9	324.6	+8.2%	642.6	+16.3%
Domestic Staffing	112.2	123.9	+10.4%	249.6	+11.5%
Overseas Staffing	187.7	200.6	+6.9%	392.9	+19.5%

EBITDA

Staffing	17.6	20.1	+14.0%	40.7	+25.3%
Domestic Staffing	7.1	9.0	+27.5%	20.4	+40.2%
Overseas Staffing	10.5	11.0	+4.8%	20.2	+13.2%

Consolidated Financial Forecast for FY2017

(JPY Bn)	FY2016		FY2017		
	Full-year*1	Full-year After adjustment*2	Full-year Forecast	YoY Change*1	YoY Change After adjustment*2
Revenue	1,941.9	-	2,084.0	+7.3%	-
EBITDA	232.2	-	251.0	+8.1%	-
Operating income	193.5	171.5	185.5	-4.1%	+8.1%
Profit attributable to owners of the parent	136.6	117.6	122.0	-10.7%	+3.7%
Adjusted profit	133.7	-	137.0	+2.4%	-
Adjusted EPS (Yen)	80.06 ⁽⁴⁾	-	82.01	+2.4%	-
Profit used as basis for dividend calculation	122.1	-	124.0	+1.5%	-
Dividend per share (Yen)	21.67 ⁽⁴⁾	-	22.00	-	-

*1: Those figures are finalized under IFRS since the figures announced at FY2016 full-year results were estimated amounts as of the time.

*2: Excluding proceeds from sales of subsidiary and relevant tax reconciliation from FY2016 figures

*3: Assumed foreign exchange rates for FY2017: JPY110 /USD, JPY118 /EUR, JPY82 /AUD

*4: Applying 3-for-1 stock split which was implemented on July 1, 2017



Appendix

■ Adjustment items for EBTDA and Adjusted Profit under IFRS

(JPY Bn)	FY2017	
	Q2 Jul-Sep	Q2 YTD Apr-Sep
EBITDA		
Operating income	52.0	108.3
Other operating income	-0.5	-0.8
Other operating expenses	+0.8	+2.1
Depreciation and amortization	+14.9	+29.5
EBITDA	67.3	139.2

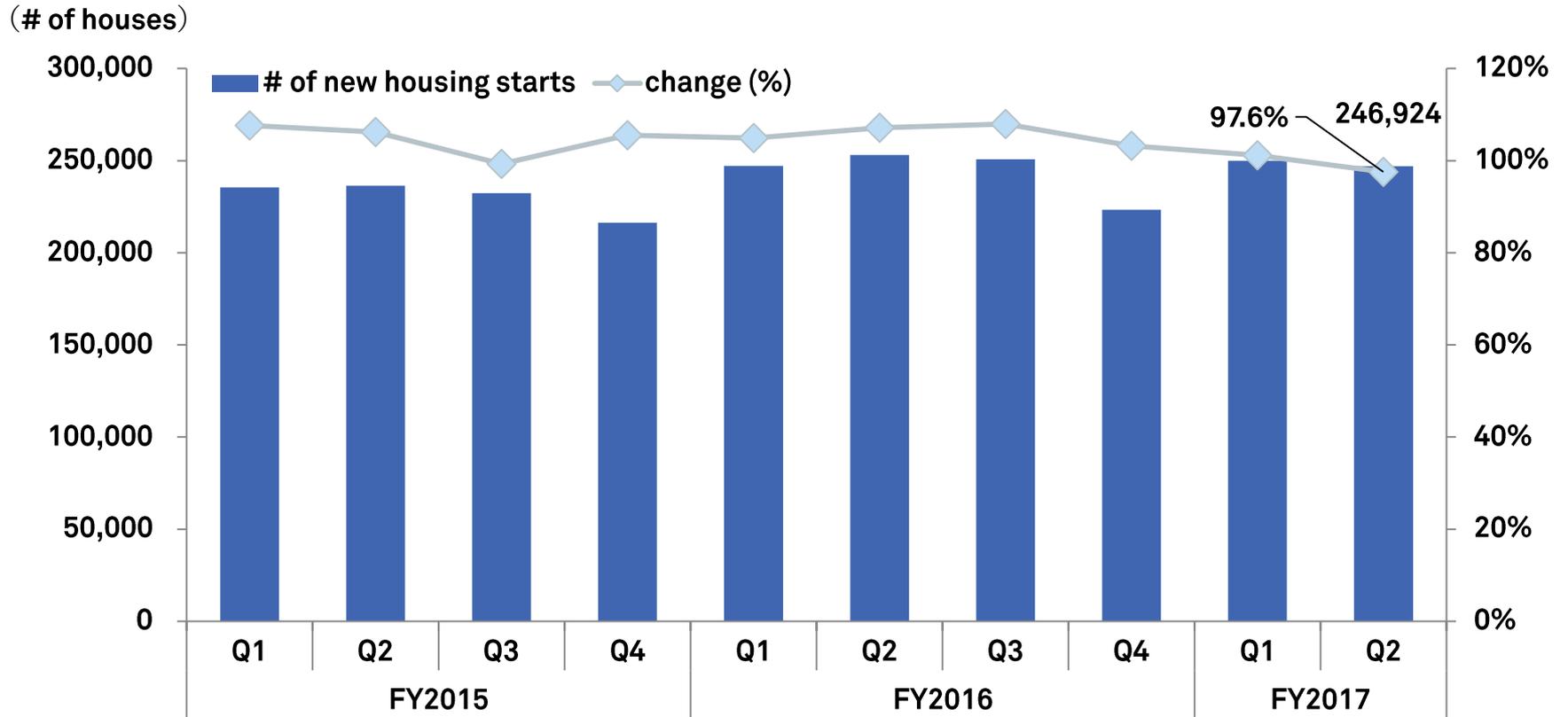
(JPY Bn)	FY2017	
	Q2 Jul-Sep	Q2 YTD Apr-Sep
Adjusted Profit		
Profit (loss) attributable to owners of the parent	41.9	82.0
amortization of intangible assets arising due to business combinations	+4.7	+9.3
one-off income	-0.9	-2.0
one-off losses	+0.7	+1.9
tax reconciliation regarding the adjustment items	-7.9	-10.5
Adjusted profit	38.3	80.6

Other Data

	FY2016				FY2017	
	Q1e	Q2e	Q3e	Q4e	Q1e	Q2e
HotPepper Gourmet # of seats reserved online* (million)	9.63	19.40	36.92	51.53	14.48	28.28
HotPepper Beauty # of online reservations* (million)	13.88	29.44	44.93	61.38	18.24	37.95
Air REGI # of accounts (thousand)	244	255	267	279	292	305
Study Sapuri high school student course #of paying subscribers (thousand)	215	230	237	244	318	333

*Based on number of reservations, cancels are not counted

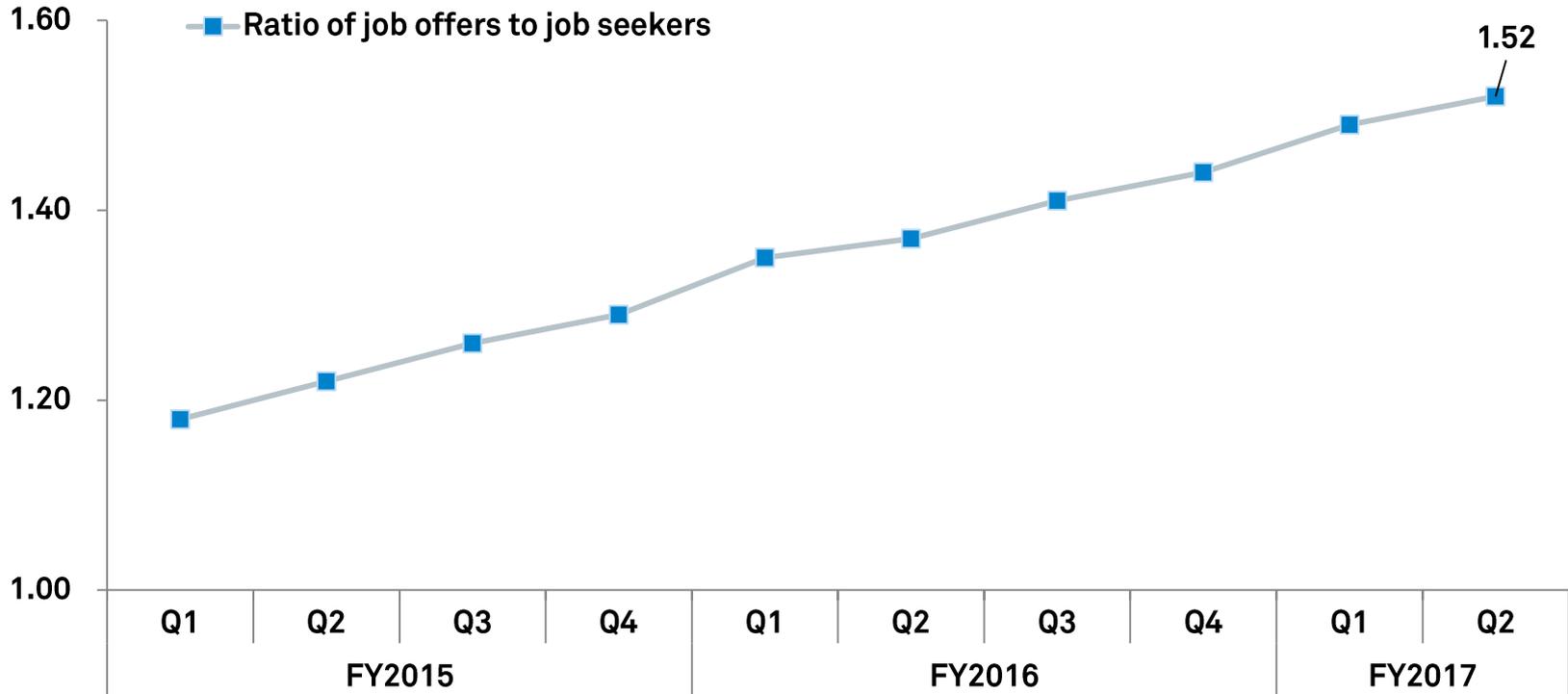
Market Conditions: Housing and Real Estate



*Source: MLIT housing start statistics

©Recruit Holdings Co., Ltd. All rights reserved.

Market Conditions : Domestic Recruiting

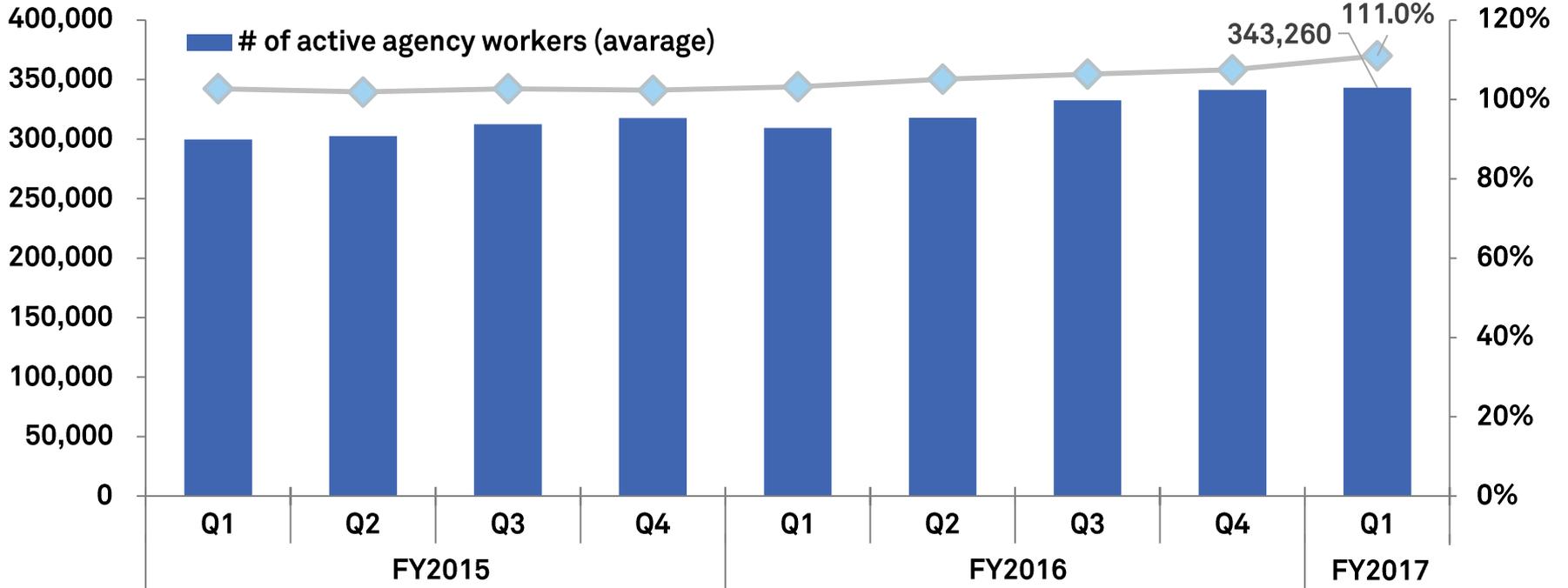


*Source: Ministry of Health, Labour and Welfare

©Recruit Holdings Co., Ltd. All rights reserved.

Market Conditions : Domestic Staffing

(# of persons)



■ Notes

EBITDA = operating income + depreciation and amortization ± other operating income/expenses

Adjusted profit: Profit (loss) attributable to owners of the parent ± adjustment items* (excluding non-controlling interests) ± tax reconciliation regarding the adjustment items

***amortization of intangible assets arising due to business combinations ± one-off income/losses**

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

Profit used as basis of dividend calculation= Profit (loss) attributable to owners of the parent excluding one-off income/losses etc.