Summary of Financial Results for Q1 FY2017

Recruit Holdings Co., Ltd.

Results for Q1 FY2017

■Consolidated Earnings Summary

Consolidated revenue increased by 19.6% year-on-year to 524.3 billion yen. EBITDA rose by 13.9% to 71.8 billion yen, achieving favorable results. Indeed, which we position as a growth business, has recorded revenue growth of 58.4% in USD terms. Staffing business achieved revenue increase of 25.8% and EBITDA growth of 38.8% due to contribution of USG People.
EBITDA margin was 13.7%, a decrease of 0.7% due to an increase of Staffing business revenue ratio to overall group revenue.
Adjusted profit excluding extraordinary income and loss, etc. was 42.3 billion yen, an increase of 9.7%, and Adjusted EPS grew by 11.3% to ¥25.34.

■Financial Results Highlights by Segment

As we announced at FY2016 full-year results, we have changed our business segments. Accordingly, we changed allocation of former Other segment and reconciliation.
Costs arising from Point ID strategy was previously reported in the Other segment. This is now in Marketing Solutions in the Media & Solutions segment. In addition, corporate expenses which had been reported on the reconciliation is now being allocated to each segment in line with new criteria.

○HR Technology segment
Revenue increased by 59.9% to 46.4 billion yen driven by new customer acquisition in Indeed. EBITDA grew by 79.0% to 7.7 billion yen. We are focusing on marketing activities to increase Indeed's brand awareness in the US and non-US area. We are also hiring sales reps to strengthen sales force.

○Media & Solutions segment
Beauty business in the Marketing Solutions led the growth. In the HR Solutions, full-time job division and part-time/temporary job division achieved a solid growth. Those factors resulted in the 2.3% revenue increase to 165.2 billion yen. EBITDA was lower by 2.2% to 43.1 billion yen, because revenue of Housing and Real Estate increased 2.6 billion yen temporarily in Q1 FY2016, as we changed the timing of sales report according to amendment of contracts. However, it was a temporary impact and we do not have it in Q1 FY2017. Excluding this impact and an impact

from the share transfer of Yuko Yuko corporation, revenue increased by 5.2% and EBITDA grew by 4.5%.

<Marketing Solutions>

In Beauty, the growth rate moderated year-on-year as effects from the pricing strategy implemented in 2015 settled down. However, our successful effort in attracting clients in local and metropolitan areas resulted in an increase of clients and we achieved revenue of 15.0 billion yen, an increase of 9.7% year-on-year.

In Housing and Real Estate, revenue decreased by 4.2% to 24.6 billion yen. We had a temporary positive impact in Q1 FY2016, however we do not have it in Q1 FY2017. Excluding the temporary impact, revenue in Housing and Real Estate recorded a 6.6% increase.

In Travel, revenue declined by 3.1% to 13.6 billion yen. This was a result of the impact from the share transfer of the Yuko Yuko corporation in July, 2016. Without this impact, it achieved a 13.6% increase.

In Dining, revenue decreased by 0.9% to 8.8 billion yen because transaction with some of the major clients was sluggish under the challenging business environment due to the labor shortage in the market. On the other hand, we enhanced client relationship by introducing the operational support package for restaurants. Revenue of the operational support package is reported in Others of Marketing Solutions.

As a result, EBITDA in Marketing Solutions decreased by 4.6% due to the impact in Housing and Real Estate as explained above. Excluding the temporary impacts in Housing and Real Estate and Travel, EBITDA in Marketing Solutions increased by 7.0%.

<HR Solutions>

In Domestic Recruiting, we saw a solid revenue trend in line with the favorable market environment. As a result, EBITDA achieved an increase of 11.7% year-on-year to 20.7 billion yen due to revenue growth and a year-on-year decrease of advertising expenses.

○Staffing segment

Revenue increased by 25.8% to 318.0 billion yen due to the full-period contribution of USG People which was acquired in FY2016 and revenue growth in Domestic Staffing supported by the solid market environment. EBITDA rose by 38.8% to 20.6 billion yen as a result of the revenue increase.

<Domestic Staffing>

We focused on renewing existing employment contracts and acquiring new employment contracts under the moderate expansion of the staffing market represented by an increasing number of actual working temporary workers. As a result, revenue increased by 12.6% to 125.7 billion yen and trended favorably toward the full-year forecast. EBITDA grew by 52.2% to 11.3 billion yen due to the revenue increase and productivity improvement.

＜Overseas Staffing＞

Revenue increased by 36.3% to 192.3 billion yen due to the contribution of USG People which we acquired last fiscal year.
The currency fluctuation had a positive impact of 4.5 billion yen on this business.
Excluding the impact from USG People and currency fluctuation, we saw a 4.5% decline in revenue. This is because we put priority on profitability in line with our Unit Management method, and also the transaction with existing clients declined due to a challenging business environment of certain markets in the US.
EBITDA increased by 25.1% to 9.2 billion yen according to the revenue growth.

FY2017 Full-year Forecast

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The full-year forecast for fiscal year 2017 has not changed.
We finalized FY2016 results under IFRS and made some changes in the provisional figures we disclosed at FY2017 full-year results announcement. Accordingly, we revised year-on-year change of the forecast for this fiscal year

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