

Financial Results for Q1 FY2018



Recruit Holdings Co., Ltd.

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■ Q1 FY2018 Highlights

■ **Consolidated revenue +7.8%, EBITDA +9.5%, Adjusted EPS +15.9%**

Revenue and EBITDA increased in all three segments: HR Technology, Media & Solutions, and Staffing

■ **Strong YoY revenue growth continued in HR Technology**

Revenue increase +51.7% in US dollar terms ⁽¹⁾

Revenue increase +57.6% in US dollar terms, assuming IFRS 15 applied in FY2017 ^{(1) (2)}

■ **Completed the acquisition of Glassdoor, Inc. on June 21**

- Operating in the HR Technology segment
- Profits and losses will impact the consolidated results from July 2018

(1) This is the financial results of operating companies in the HR Technology segment, which differ from the IFRS-based consolidated financial results of Recruit Holdings Co., Ltd.

(2) Assuming IFRS 15 was applied in FY2017 on a pro forma basis.

Q1 FY2018 Consolidated Financial Results

(in billions of yen, unless otherwise stated)	FY2017	FY2018	
	Q1 (Apr. - Jun.)	Q1 (Apr. - Jun.)	YoY Change
Revenue	524.3	565.4	+7.8%
EBITDA	71.8	78.7	+9.5%
EBITDA margin	13.7%	13.9%	+0.2pt
Operating income	56.3	67.8	+20.4%
Profit attributable to owners of the parent	40.2	47.3	+17.8%
Adjusted profit	42.3	49.0	+16.0%
Adjusted EPS (yen)	25.34	29.37	+15.9%

Q1 FY2018 Financial Results by Segment

	FY2017	FY2018	
	Q1 (Apr. - Jun.)	Q1 (Apr. - Jun.)	YoY Change
Revenue (in billions of yen)			
Consolidated results	524.3	565.4	+7.8%
HR Technology	46.4	69.3	+49.1%
Media & Solutions	165.2	173.5	+5.0%
Staffing	318.0	329.1	+3.5%
Eliminations and Adjustments	-5.3	-6.4	-
EBITDA (in billions of yen)			
Consolidated results	71.8	78.7	+9.5%
HR Technology	7.7	9.4	+21.6%
Media & Solutions	43.1	47.3	+9.8%
Staffing	20.6	24.0	+16.7%
Eliminations and Adjustments	0.3	-2.1	-
EBITDA margin			
Consolidated results	13.7%	13.9%	+0.2pt
HR Technology	16.7%	13.6%	-3.1pt
Media & Solutions	26.1%	27.3%	+1.2pt
Staffing	6.5%	7.3%	+0.8pt

Impact to Segment EBITDA due to Change in Intra-Group Transactions

Due to the group reorganization, the treatment of intra-group transactions was changed at the beginning of Q1 FY2018, positively impacting EBITDA in some segments. Excluding this impact, EBITDA of all segments and subsegments increased year on year.

(in billions of yen)

EBITDA	FY2017		FY2018		
	Q1 Results (A)	Q1 Adjusted ⁽¹⁾ (B)	Q1 Results (C)	YoY Change (C)/(A)	YoY Change Adjusted ⁽¹⁾ (C)/(B)
Consolidated results	71.8	-	78.7	+9.5%	-
HR Technology	7.7	-	9.4	+21.6%	-
Media & Solutions	43.1	44.6	47.3	+9.8%	+6.0%
Marketing Solutions	24.7	25.5	27.9	+13.1%	+9.3%
HR Solutions	20.7	21.1	23.3	+12.4%	+10.4%
Eliminations and Adjustments	-2.3	-2.0	-3.9	-	-
Staffing	20.6	21.2	24.0	+16.7%	+13.4%
Japan	11.3	11.9	13.4	+18.1%	+12.2%
Overseas	9.2	-	10.5	+15.0%	-
Eliminations and Adjustments	0.3	-1.7	-2.1	-	-

(1) Assuming the change in intra-group transactions such as management service fees and general administrative fees was applied in Q1 FY2017. Calculated based on managerial accounting figures.

* There is no impact on the HR Technology segment and overseas operations of the Staffing segment from this change in treatment of intra-group transactions.

HR Technology

(in billions of yen, unless otherwise stated)

	FY2017	FY2018	
	Q1 (Apr. - Jun.)	Q1 (Apr. - Jun.)	YoY Change
Revenue	46.4	69.3	+49.1%
Reference: Revenue in US dollars ⁽¹⁾ (in millions of US dollars)	418	634	+51.7%
Reference: Revenue in US dollars IFRS 15 applied ^{(1) (2)} (in millions of US dollars)	402	634	+57.6%
EBITDA	7.7	9.4	+21.6%
EBITDA margin	16.7%	13.6%	-3.1pt

(1) This is the financial results of operating companies in the HR Technology segment, which differ from the IFRS-based consolidated financial results of Recruit Holdings Co., Ltd.

(2) Assuming IFRS 15 was applied in FY2017 on a pro forma basis.

Media & Solutions

(in billions of yen, unless otherwise stated)

Revenue	FY2017	FY2018	
	Q1 (Apr. – Jun.)	Q1 (Apr. – Jun.)	YoY Change
Segment total	165.2	173.5	+5.0%
Marketing Solutions	91.7	93.6	+2.1%
Housing and Real Estate	24.6	24.2	-1.7%
Bridal	13.8	13.9	+0.3%
Travel	13.6	14.0	+2.8%
Dining	8.8	9.2	+4.6%
Beauty	15.0	17.2	+14.2%
Others	15.6	15.0	-4.1%
HR Solutions	71.2	79.0	+10.9%
Recruiting in Japan	66.3	70.2	+6.0%⁽¹⁾
Others	4.9	8.8	+76.9%
Eliminations and Adjustments	2.1	0.8	-62.6%
EBITDA			
Segment total	43.1	47.3	+9.8%
Marketing Solutions	24.7	27.9	+13.1%
HR Solutions	20.7	23.3	+12.4%
Eliminations and Adjustments	-2.3	-3.9	-
EBITDA margin			
Segment total	26.1%	27.3%	+1.2pt
Marketing Solutions	27.0%	29.9%	+2.9pt
HR Solutions	29.2%	29.6%	+0.4pt

(1) The recruiting assessment business previously recorded in Recruiting in Japan was transferred into Others in HR Solutions, and the placement business for the medical industry previously recorded in Eliminations and Adjustments (previously Corporate Expenses / Elimination) in Media & Solutions was transferred to Recruiting in Japan from Q1 FY2018. Excluding these one-time factors, revenue in Recruiting in Japan increased 8.6%.
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Staffing

(in billions of yen, unless otherwise stated)

Revenue	FY2017	FY2018	
	Q1 (Apr. - Jun.)	Q1 (Apr. - Jun.)	YoY Change
Segment total	318.0	329.1	+3.5%
Japan	125.7	135.6	+7.9%
Overseas	192.3	193.4	+0.6%
EBITDA			
Segment total	20.6	24.0	+16.7%
Japan	11.3	13.4	+18.1%
Overseas	9.2	10.5	+15.0%
EBITDA margin			
Segment total	6.5%	7.3%	+0.8pt
Japan	9.1%	9.9%	+0.9pt
Overseas	4.8%	5.5%	+0.7pt

FY2018 Consolidated Financial Forecast

The FY2018 full year forecast has not changed since the announcement on May 15, 2018.

(in billions of yen, unless otherwise stated)

	FY2017	FY2018	
	Full-year	Full-year	YoY Change
Revenue	2,173.3	2,302.0	+5.9%
EBITDA	258.4	285.0	+10.3%
Operating income	191.7	210.0	+9.5%
Profit attributable to owners of the parent	151.6	153.0	+0.9%
Adjusted profit	144.9	170.0	+17.3%
Adjusted EPS (yen)	86.74	101.76	+17.3%
Profit available for dividends	131.8	153.0	+16.1%
Dividend per share (yen)	23.00	27.00	-

* Assumed foreign exchange rates for FY2018: 106 yen per US dollar, 131 yen per Euro, 84 yen per Australian dollar.



Appendix

Adjustment items for EBITDA and Adjusted Profit

(in billions of yen)		FY2018	(in billions of yen)		FY2018
EBITDA		Q1	Adjusted Profit		Q1
Operating income		67.8	Profit (loss) attributable to owners of the parent		47.3
Other operating income		-7.0	Amortization of intangible assets arising due to business combinations		+5.4
Other operating expenses		+1.0	Non-recurring income		-6.6
Depreciation and amortization		+16.8	Non-recurring losses		+4.8
			Tax reconciliation regarding the adjustment items		-1.9
EBITDA		78.7	Adjusted Profit		49.0

Other Data

	FY2017				FY2018
	Q1e	Q2e	Q3e	Q4e	Q1e
Hot Pepper Gourmet # of seats reserved online ⁽¹⁾ (million)	14.48	28.28	52.75	71.21	19.05
Hot Pepper Beauty # of online reservations ⁽¹⁾ (million)	18.24	37.95	57.58	78.23	22.72
AirREGI # of accounts (thousand)	292	305	318	333	349
Paid Study Sapuri users ⁽²⁾ # of paying subscribers (thousand)	404	444	454	476	559

(1) Based on number of reservations, cancels are not counted.

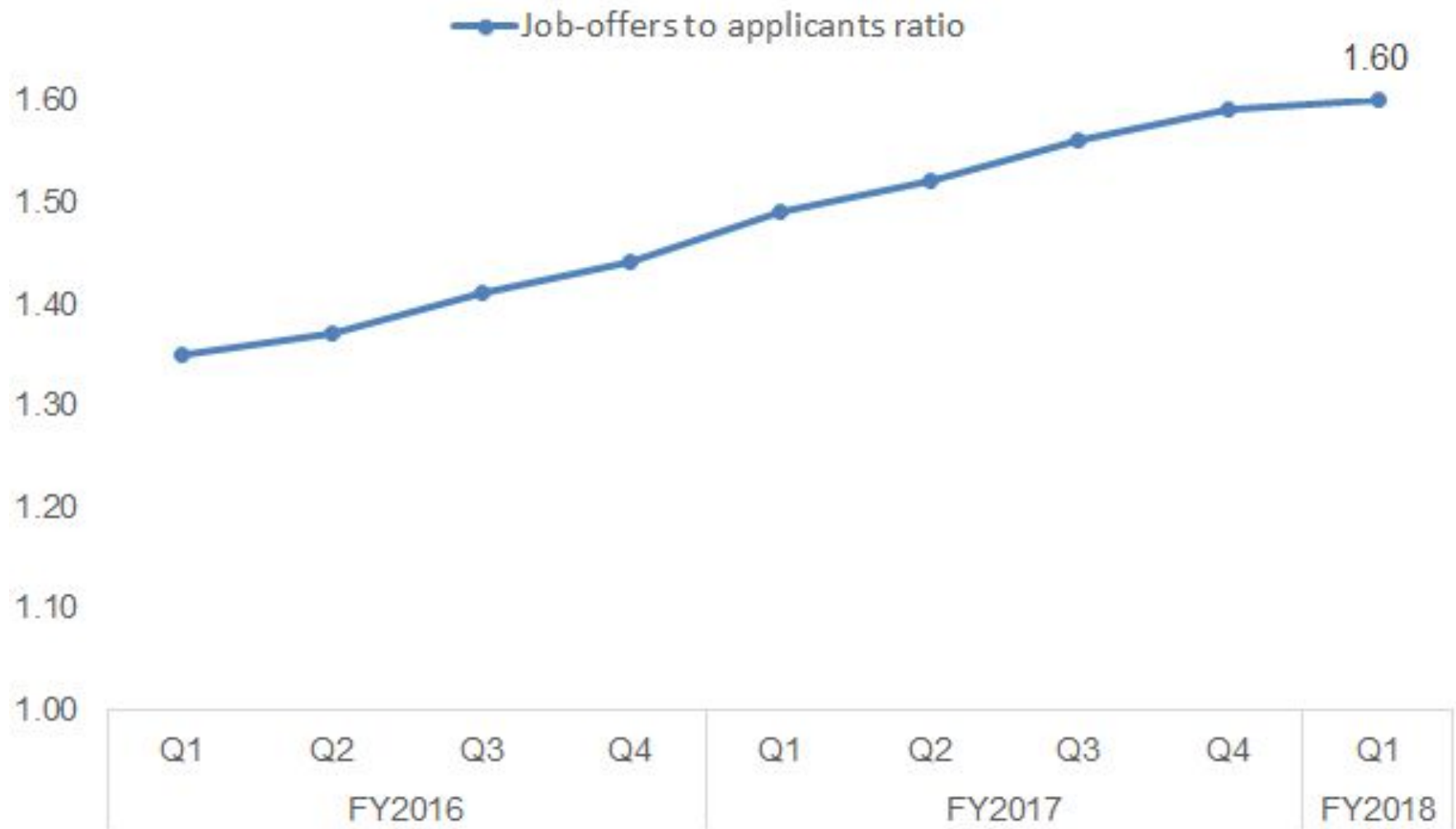
(2) Figures indicate the total number of users of high school, junior high school, elementary school and English courses. The figures disclosed in the previous results presentations only included users of high school courses.

Market Conditions: Housing and Real Estate



*Source: MLIT housing start statistics

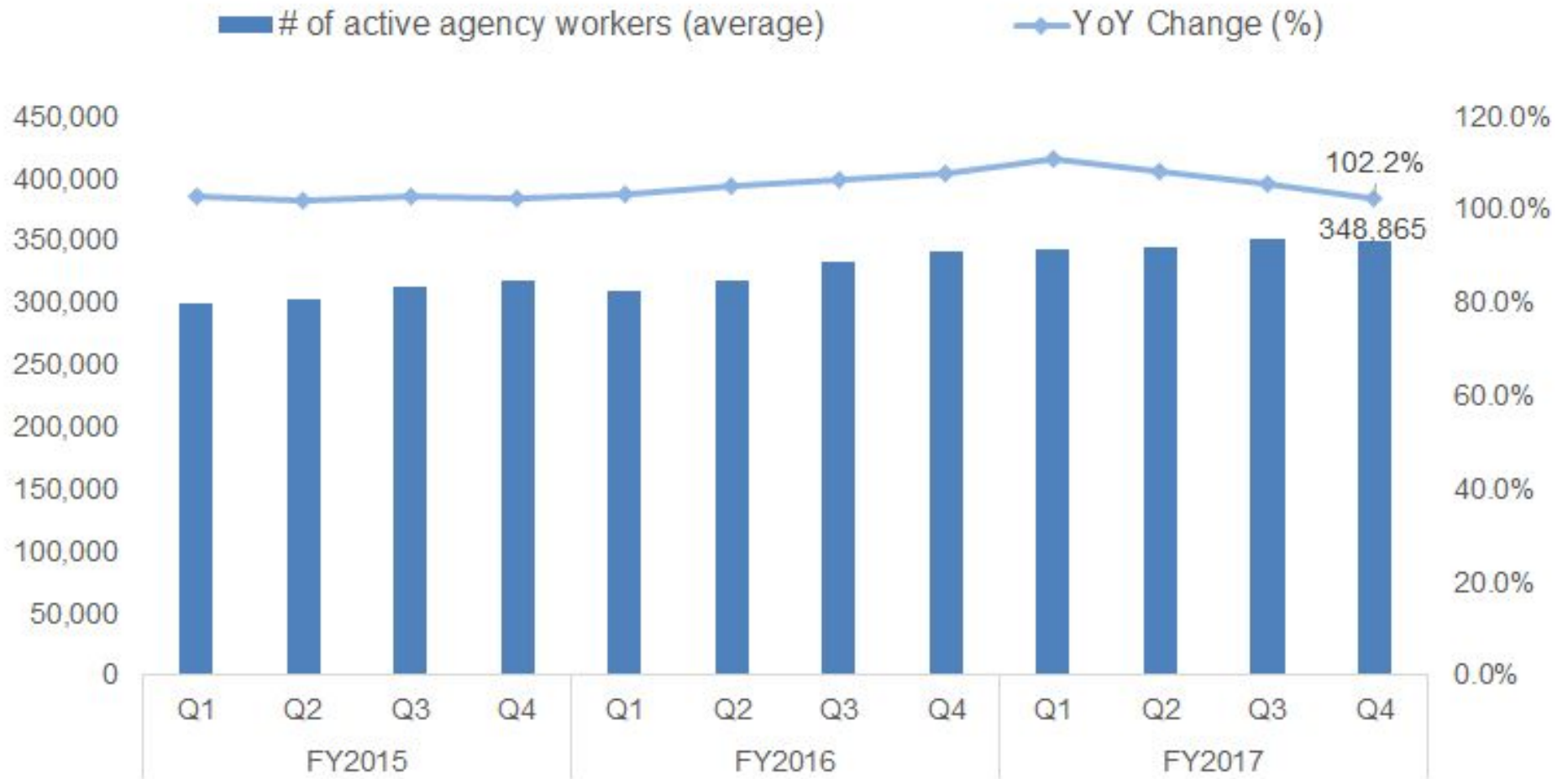
Market Conditions: Recruiting in Japan



*Source: Ministry of Health, Labour and Welfare

Market Conditions: Staffing (Japan Operations)

(# of persons)



*Source: Japan Staffing Services Association

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 ± non-recurring income/losses

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

Profit available for dividends = Profit (loss) attributable to owners of the parent ± non-recurring income/losses, etc.