



FY2017 Financial Results



February 19, 2018 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

I. Summary of FY2017 Financial Results

- Summary of Financial Results ... P3
- Transition in the Results Compared to the Initial Estimate ... P4
- Overview of Business Results by Segment (Results Compared to the Initial Estimate and the Results in the Previous Term) ... P5
- Details of Each Segment ... P7
- Financial Condition B/S ... P15
- Cash Flows ... P16

II. FY2018 Business Forecasts

- FY2018 Business Forecast ... P18
- Business Forecast by Segment ... P19
- FY2018 Quarterly Business Forecast ... P20

III. Progress of New Mid-term Managerial Plan 2021

- Numerical Target in New Mid-term Managerial Plan 2021 ... P23
- Overview of New Mid-term Managerial Plan 2021 ... P24
- Inclusion of HOEI KENSETSU and Farm in our Corporate Group ... P25
- Progress by Segment ... P26
- Shareholder Returns ... P34
- ESG ... P35

I. Summary of FY2017 Financial Results



Summary of Financial Results

- The performance of the Human Resources and Education Business, which is the mainstay, has grown steadily, exceeding the initial estimate and considerably contributing to overall results.
- Net sales marked a record high based on the growth of the existing business, partially thanks to the effect of M&A.
- While operating income exceeded the initial estimate greatly, we accelerated investment for the future, including the investment in human resources in the Human Resources and Education Business.

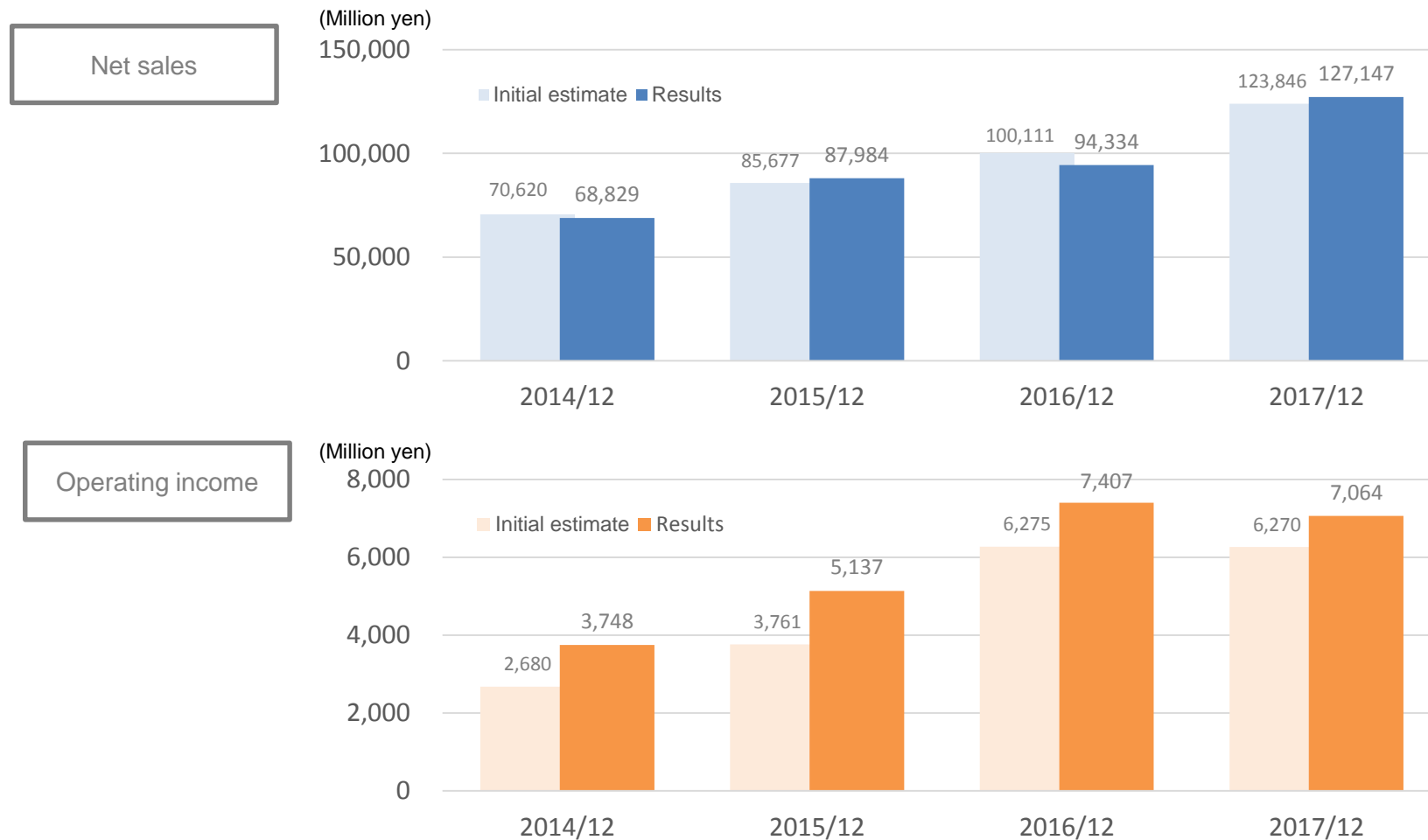
(Unit: Million yen)

	Results for the term ended Dec. 2016	*Initial estimate	Results for the term ended Dec. 2017	Result against estimate Achievement rate	YoY	
					Change	Pct. Change
Net sales	94,334	123,846	127,147	102.7 %	+32,812	+34.8 %
Operating income	7,407	6,270	7,064	112.7 %	△343	△4.6 %
Ordinary income	7,306	5,936	7,007	118.0 %	△298	△4.1 %
Net income attributable to owners of parent	4,192	3,519	4,612	131.0 %	+419	+10.0 %

*Announced on February 13, 2017

Transition in the Results Compared to the Initial Estimate

- Operating income exceeded the initial estimate in each of recent terms.



Overview of Business Results by Segment (Results Compared to the Previous Term)

□ indicates record high.

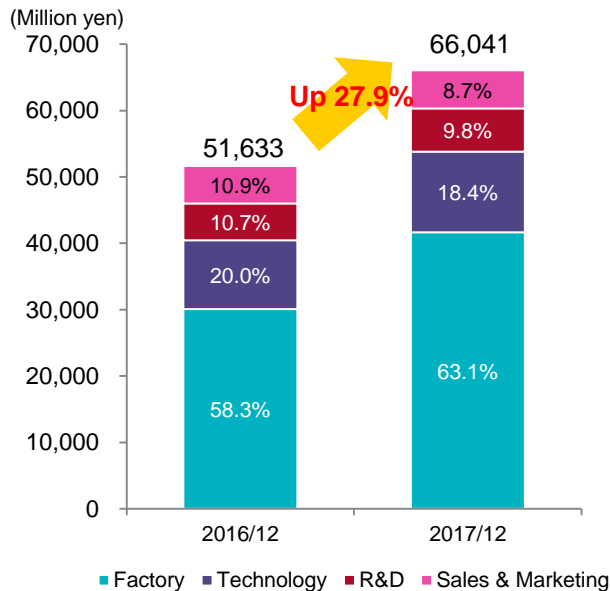
Unit: Million yen			Results for the term ended Dec. 2016		Results for the term ended Dec. 2017		YOY	
				(Profit margin)		(Profit margin)	Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	30,111		41,654		11,543	38.3
		Segment income	2,080	(6.9%)	2,587	(6.2%)	507	24.4
	Technology Business	Net sales	10,334		12,155		1,821	17.6
		Segment income	1,015	(9.8%)	1,263	(10.4%)	247	24.4
	R&D Business	Net sales	5,533		6,489		956	17.3
		Segment income	571	(10.3%)	634	(9.8%)	62	11.0
	Sales & Marketing Business	Net sales	5,654		5,741		86	1.5
Segment income		296	(5.3%)	219	(3.8%)	Δ77	Δ 26.1	
Total (reference)		Net sales	51,633		66,041		14,408	27.9
		Segment income	3,964	(7.7%)	4,704	(7.1%)	740	18.7
Real Estate Business	Real Estate Business	Net sales	34,481		49,080		14,598	42.3
		Segment income	5,171	(15.0%)	4,635	(9.4%)	Δ535	Δ 10.4
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	7,742		9,167		1,425	18.4
		Segment income	244	(3.2%)	25	(0.3%)	Δ219	Δ 89.7
Other	Others	Net sales	476		2,856		2,380	499.7
		Segment income	17	(3.7%)	Δ272	(-9.5%)	Δ289	-
Total		Net sales	94,334		127,147		32,812	34.8
		Elimination or corporate	Δ1,990		Δ2,029		Δ38	-
		Operating income	7,407	(7.9%)	7,064	(5.6%)	Δ343	Δ 4.6
<Reference>								
Real Estate Business	Development/Single-family housing	Net sales	22,335		34,389		12,054	54.0
		Segment income	4,532	(20.3%)	4,164	(12.1%)	Δ368	Δ 8.1
	Renovation/Prefabricated houses	Net sales	12,146		14,690		2,544	20.9
		Segment income	639	(5.3%)	471	(3.2%)	Δ168	Δ 26.3

Overall Segment

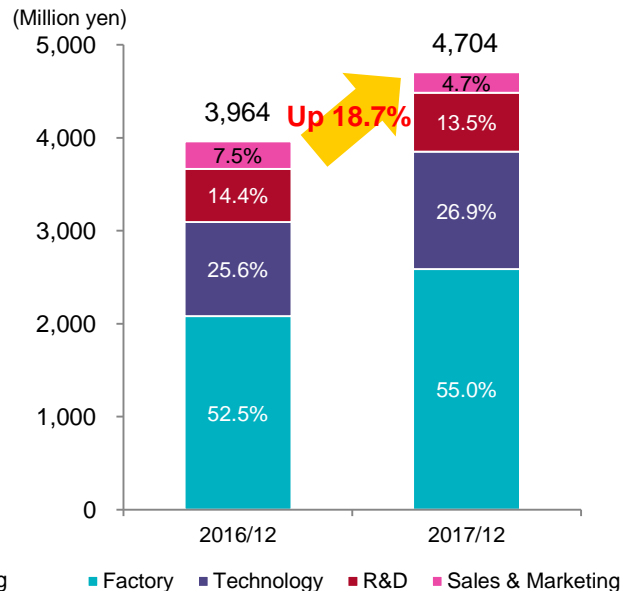
<Composition by business segment and the number of staff members>

- We achieved significant growth by ourselves without resorting to M&A or the like, by strengthening our systems and organizations.
- While the ambient environment is favorable, the functions of marketing (rise in unit price), management (improvement in retention rate), and recruitment (increase of employees) were improved, contributing to the results of the entire corporate group.
- Especially, as the logistics field grew and the functions to develop and assign personnel were diffused, the Factory and Technology Businesses were healthy.

◆ Sales composition



◆ Segment income



◆ Variation in the number of staff (3-month average)

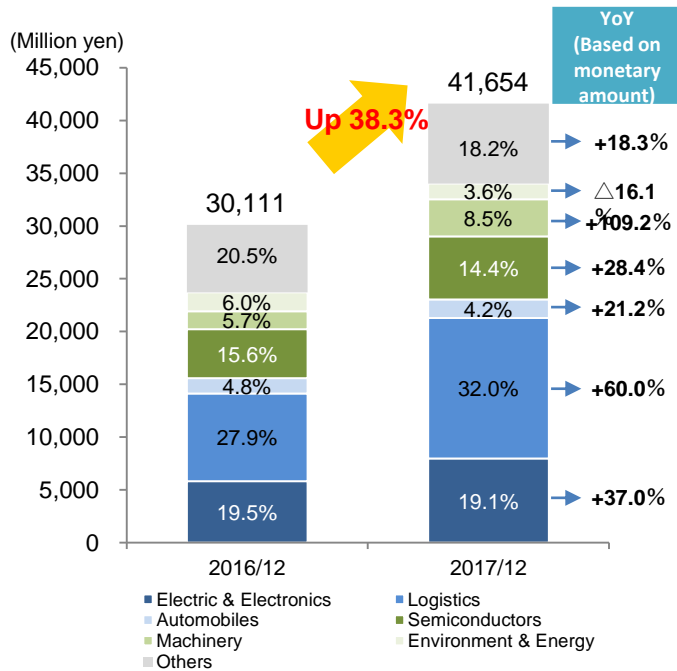
End of Dec. 2016 ⇒ End of Dec. 2017		(Persons)
Human Resources and Education Business		+ 4,629
Factory		+ 4,929
Technology		+ 145
R&D		+ 117
Sales & Marketing		△562

Factory Business

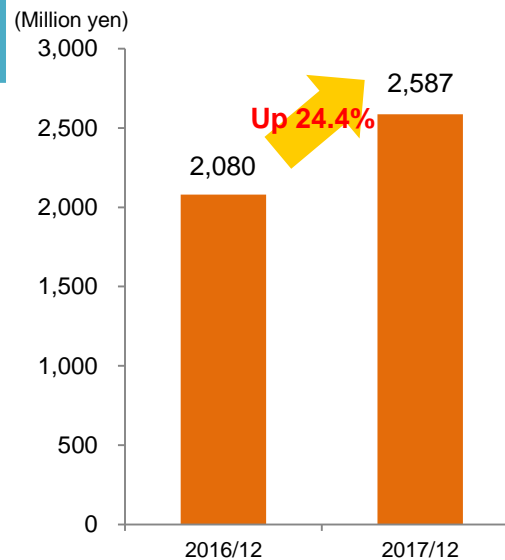
<Sales composition by business segment and the number of staff members>

- We intensively streamlined large-scale projects for undertaking production tasks by organizing management teams and increasing their mobility, tried to increase unit prices by enhancing our contribution value, and improved our personnel system, increasing retention rate and making business operations more stable.
- In the logistics field, it became possible to undertake tasks in a more sophisticated manner by developing personnel and developing organizations, and we expanded our market share. The number of workers increased by over two times year-on-year.

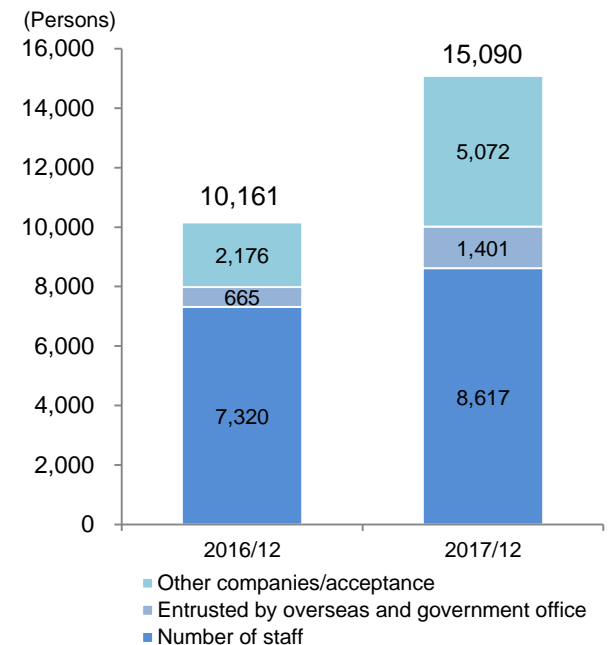
◆ Sales composition by business segment



◆ Segment income



◆ Variation in the number of staff (3-month average)



*The number of staff is a three-month average. External staff members accepted from other companies are included.

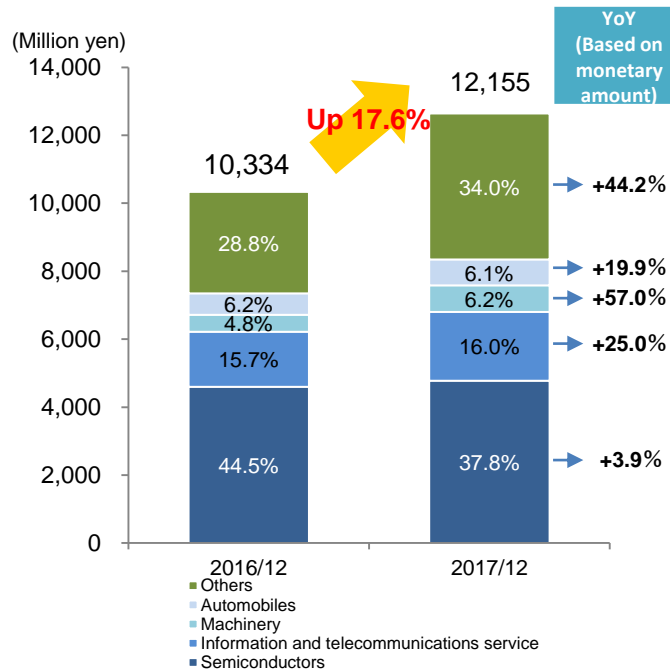
*Number of staff included only staff members who are engaged in on-site operation work.

Technology Business

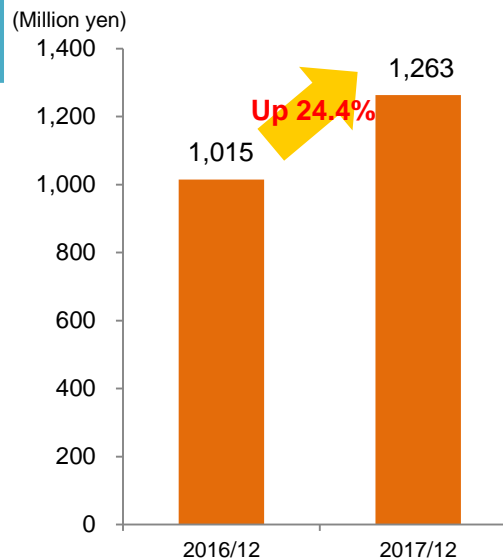
<Sales composition by business segment and the number of staff members>

- A design center established for developing engineers was mounted with the function to train inexperienced workers to become engineers who can design automobiles and equipment, and the number of enrolled workers increased.
- The enrichment of curricula for developing specialized engineers (who can virtualize servers, write JAVA programs, control built-in, etc.), who are in high demand, improved the skills of existing employees and increased sections where they can work. Then, unit prices rose.

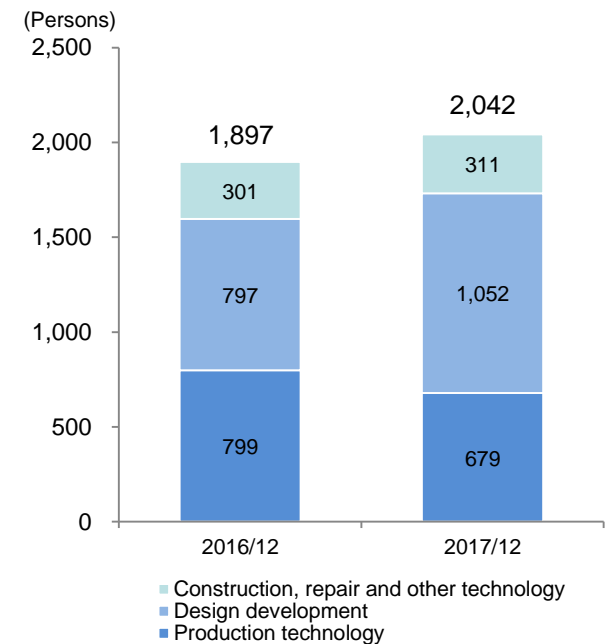
◆ Sales composition by business segment



◆ Segment income



◆ Variation in the number of staff (3-month average)



*The number of staff is a three-month average.

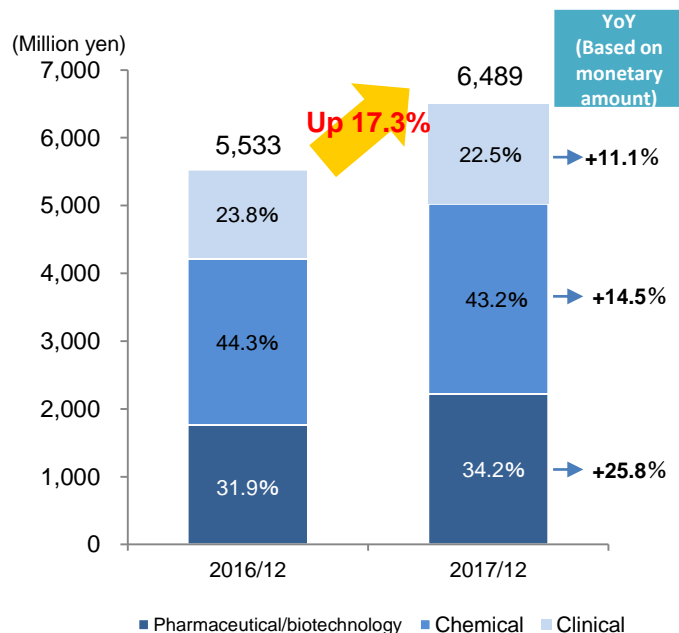
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

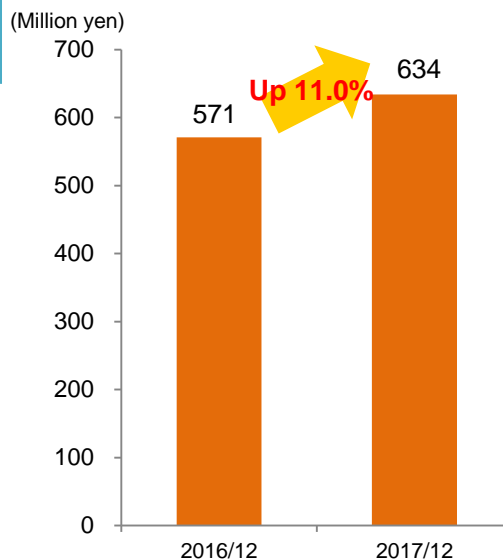
<Sales composition by business segment and the number of staff members>

- We recruited excellent personnel and intensified measures for brushing up the skills of existing employees as a group of specialized researchers.
- We clarified the shift to the field of high added value, and plan to differentiate our service from mere assistance in business.
- We started collaborative research between researchers with expertise and colleges.
- DOT World revised recruitment methods strategically and concentrated on the development of systems for efficient business operations, for the purpose of flexibly responding to projects that are getting larger.

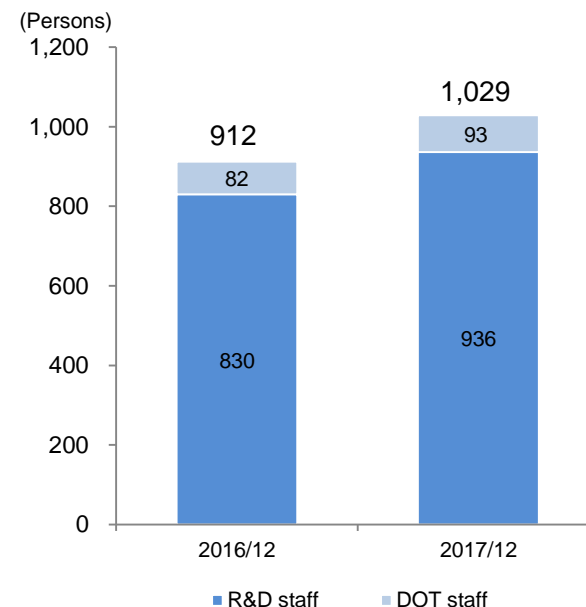
◆ Sales composition by business segment



◆ Segment income



◆ Variation in the number of staff (3-month average)



*The number of staff is a three-month average.

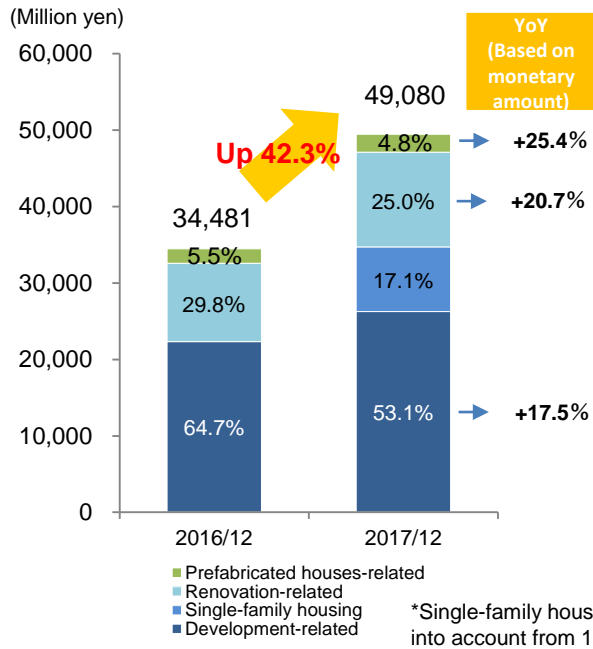
*Number of staff included only staff members who are engaged in on-site operation work.

Real Estate Business

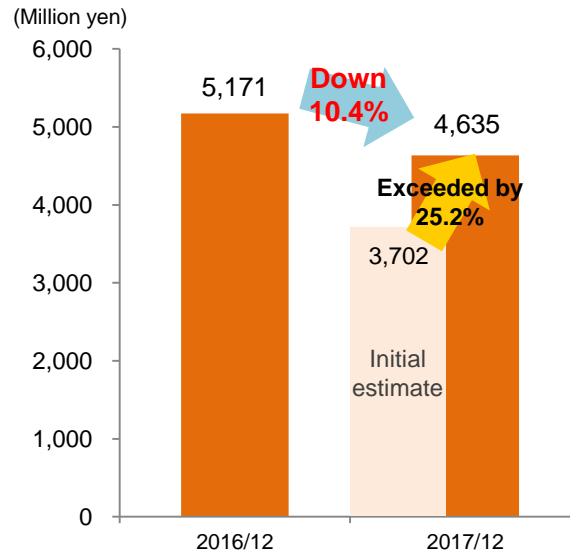
<Sales composition by business segment and major activities>

- As for development, we handed over real estate whose profit rate is high in 4Q, exceeding the initial estimate.
- As for renovation, we enhanced brand development, and focused on advantageous areas, growing the business steadily.
- As for single-family housing, the sales of original brands and newly offered land are healthy. We are also preparing for the expansion of our business in the Tohoku area by utilizing the synergy with the existing business.

◆ Sales composition by business segment



◆ Segment income



◆ No. of pieces of real estate handed over in each business segment

		2016/12	2017/12
Development	Condominium	147 ⇒	170 units
	Business land	12 ⇒	10 properties
Renovation		410 ⇒	508 houses
Single-family housing	Custom-built houses, etc.	—* ⇒	343 houses

*Before becoming a subsidiary, HOEI KENSETSU sold 332 houses.

◆ Major condominium handed over



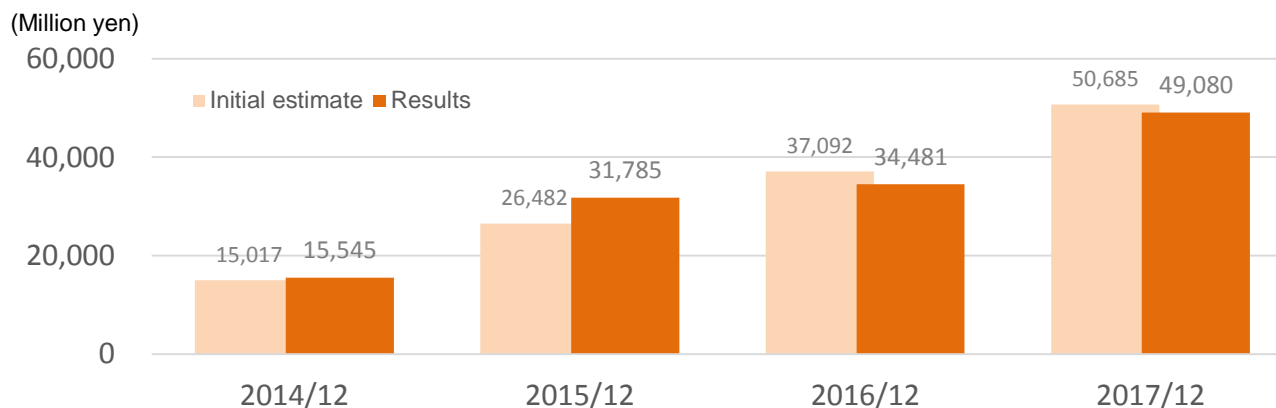
The largest real estate handed over this term
ONE PARK RESIDENTIAL TOWERS 《Miyagi Pref.》

Real Estate Business

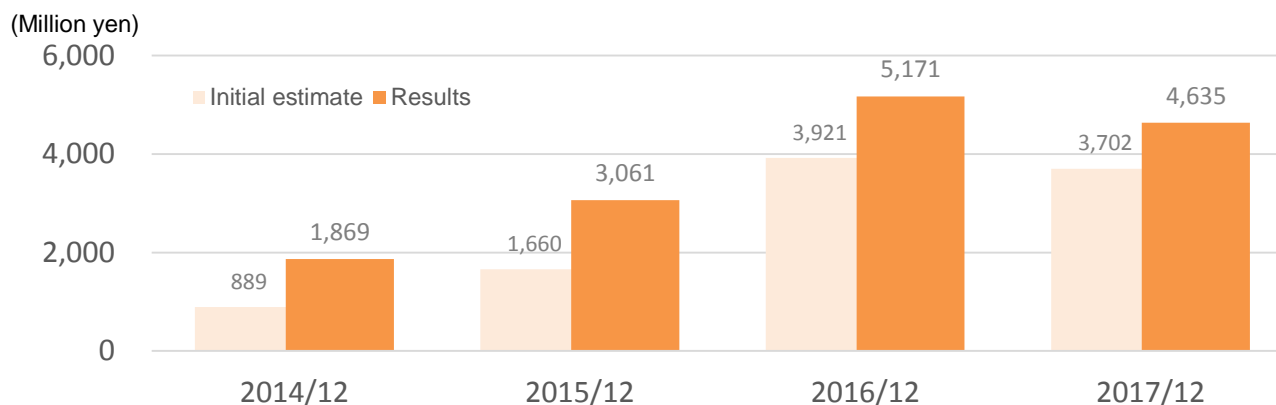
< Transition compared to the initial estimate and results >

- As for the Real Estate Business, we operated business at an appropriate scale without taking excessive risks, and actualized business operation that can reach the initial estimate without fail, while considering the business environment inside and outside Japan.
- In addition, we kept profit rate high, by exceeding the initial estimates.

Net sales



Segment income

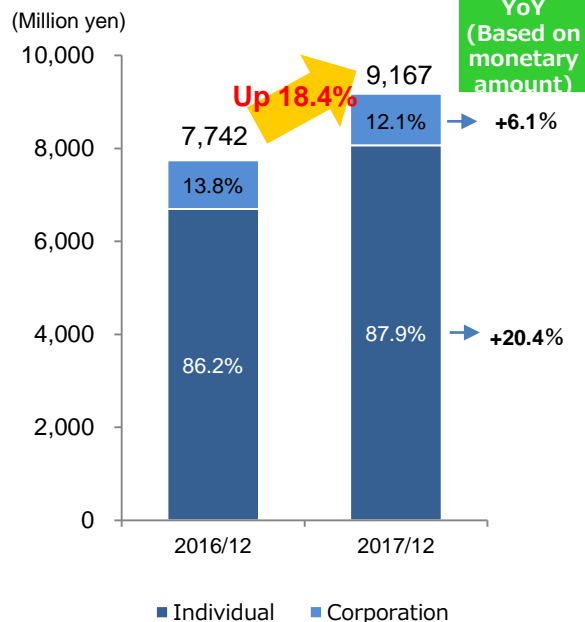


Information and Telecommunications Business

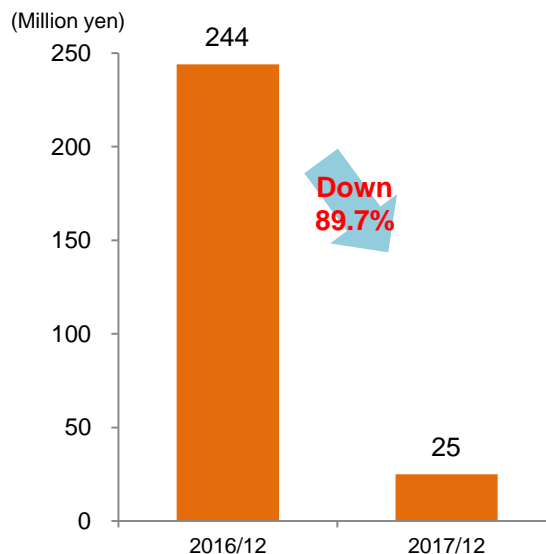
<Sales and major activities>

- We increased our local market share through neighboring area marketing and M&A strategies, and have opened 19 new stores since the end of the previous term. The number of directly managed shops is now 52.
- Aiming to build a better store network, we have made prior investment in environmental improvement, such as relocation and upsizing of the existing stores.

◆ Sales for each target



◆ Segment income



◆ Added 19 new stores



◆ Propelled relocation and upsizing of existing stores



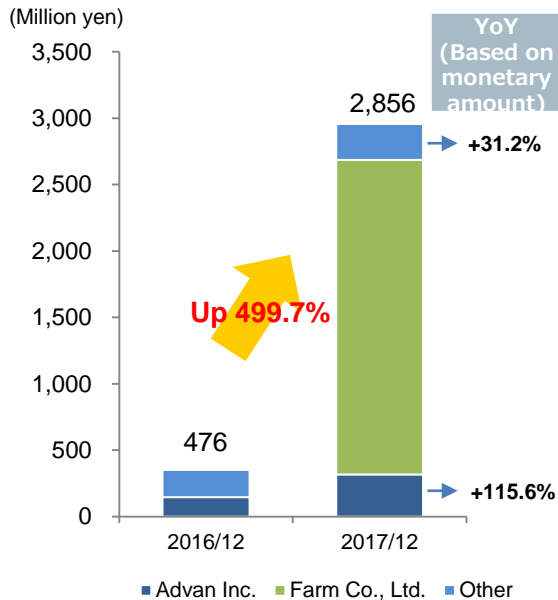
Strive to earn greater customer loyalty by developing a better store network.

Others

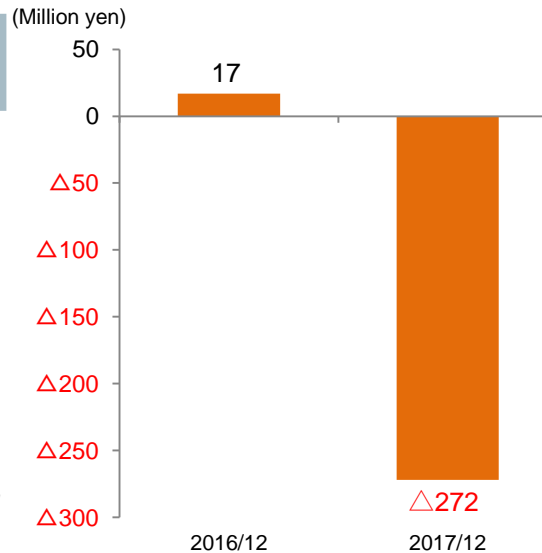
<Sales and major activities>

- Advan Inc. achieved larger sales and operating income than forecasts through the education business inside and outside the corporate group.
- Farm Co., Ltd., which operates the agricultural park business, revised the budget taken over from the previous management, improved the personnel system and business processes for early revitalization, and reformed employees' awareness, to enhance the fundamental capabilities for business operation. We are preparing for the investment for the next term (such as the redevelopment of facilities).

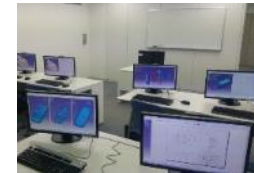
◆ Sales



◆ Segment income



◆ Technical training based on the collaboration between Advan and the Technology Business



Advan has made contributions to improving skills of IT engineers in the human resources and education segment.

◆ Development of the agricultural park business for the next term

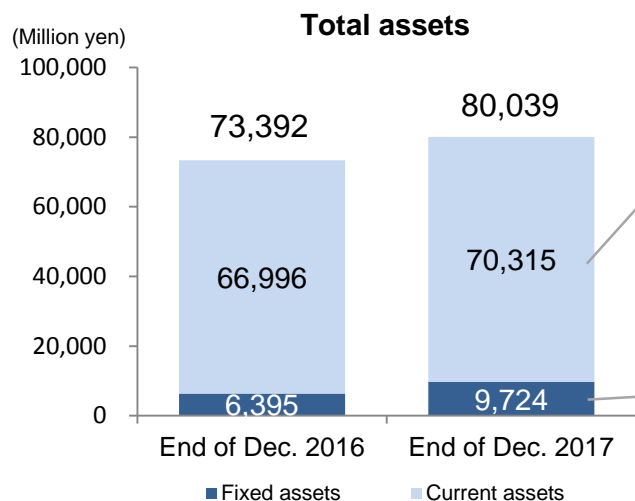


Investment is prepared in measures for attracting customers by using the features of each facility and reorganization of facilities by making the best use of the off-period in winter.

*We newly consolidated Farm Co., Ltd. from the second quarter of FY2017.

Financial Condition B/S

- Mainly, the assets and liabilities for the acquisition of subsidiaries increased.

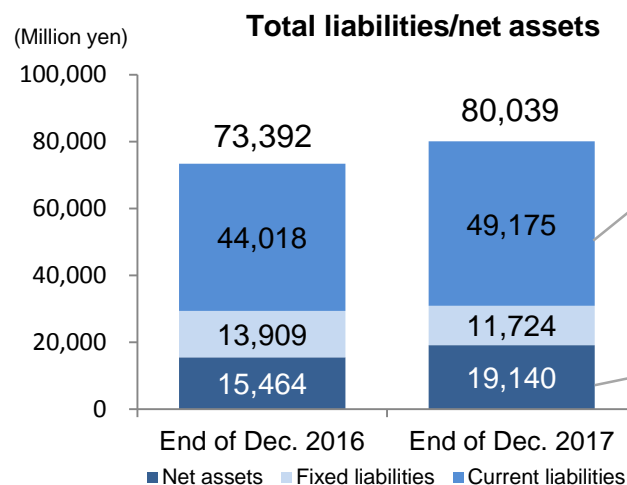


Current assets 70,315 (+3,319)

- Cash and deposits 2,456 million yen
- Real estate for sale 2,829 million yen
- Real estate for sale in process Δ 4,659 million yen

Fixed assets 9,724 (+3,328)

- Property, plant and equipment* 2,635 million yen
*Due to the acquisition of subsidiaries
- Investment securities 184 million yen



Liabilities 60,899 (+2,971)

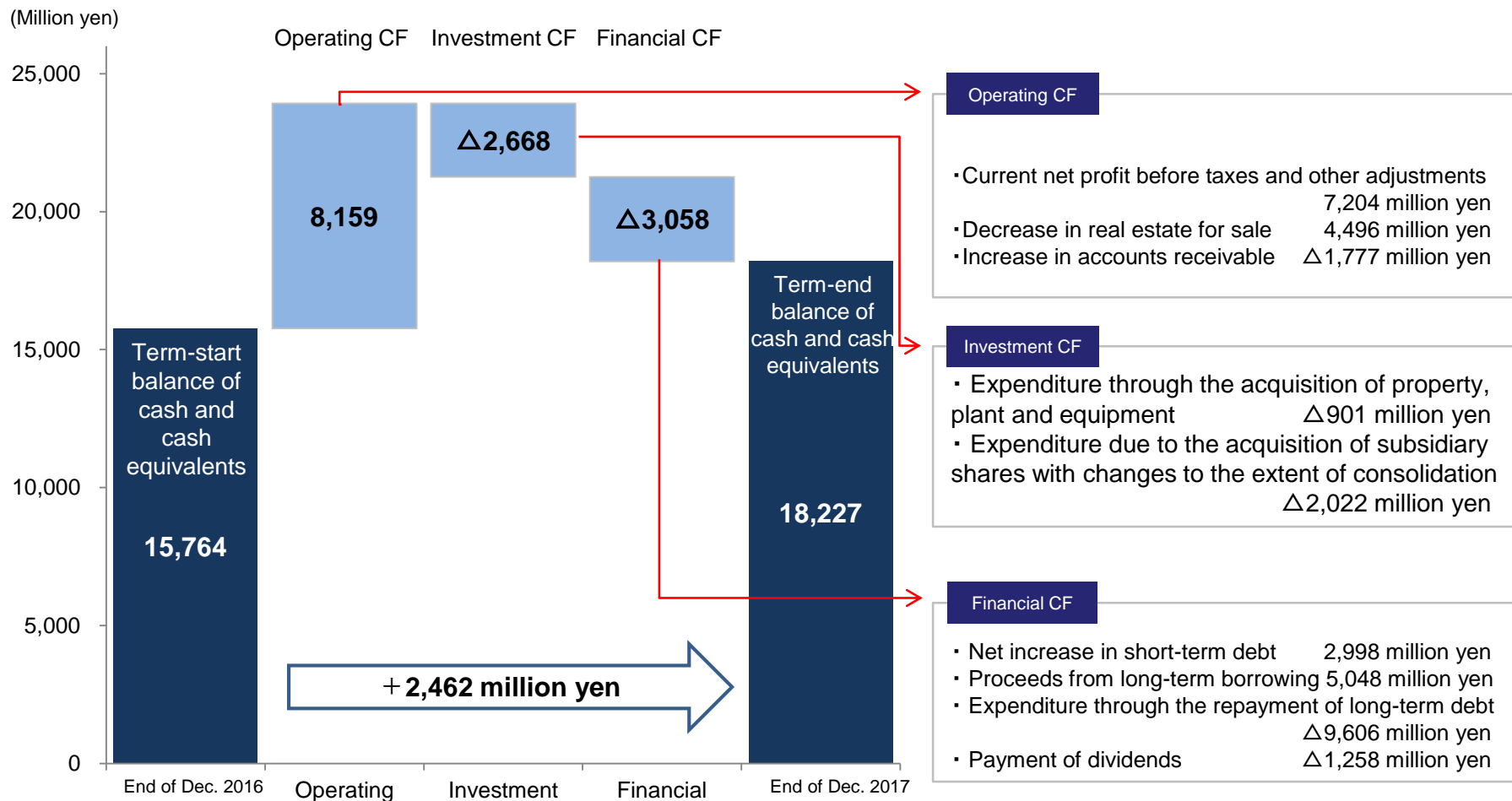
- Short-term debt* 3,233 million yen
*Money to purchase real estate for sale and acquire shares of subsidiaries
- Accrued expenses 1,010 million yen
- Long-term debt Δ 2,818 million yen

Net assets 19,140 (+3,675)

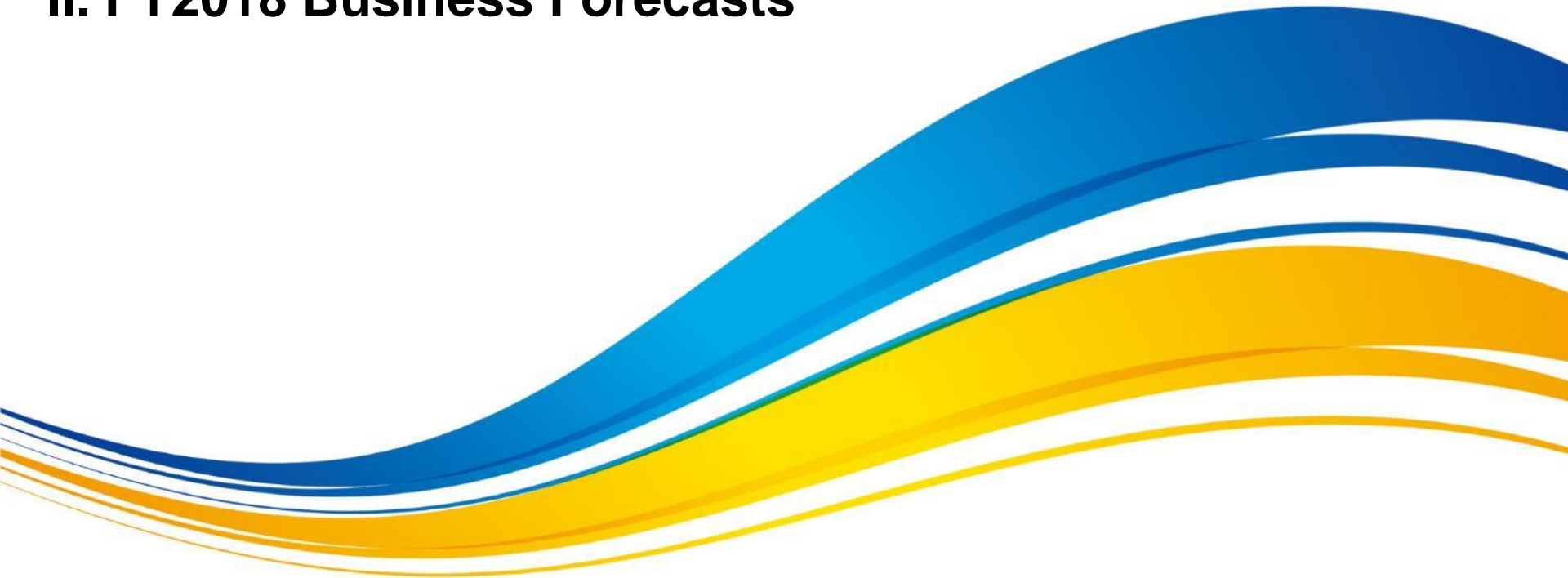
- Retained earnings 3,335 million yen

Cash Flows

- Operating CF was plus 8,159 million yen, investment CF was minus 2,668 million yen, and financial CF was minus 3,058 million yen.



II. FY2018 Business Forecasts



FY2018 Business Forecast

- We will implement the new mid-term managerial plan steadily, with the aim of growing sales for the 9th consecutive term and net income for the 8th consecutive term.

Unit: Million yen, %	Results for the term ended Dec. 2017	Forecast for the term ending Dec. 2018	YoY	
			Change	Pct. Change
Net sales	127,147	145,137	17,990	14.1
Operating income	7,064	7,288	224	3.2
Ordinary income	7,007	7,083	75	1.1
Net income attributable to owners of parent	4,612	4,635	23	0.5
EPS (yen)	275.35	275.73	0.38	0.1
Dividend per share (yen)	82.7	82.8	0.1	0.1

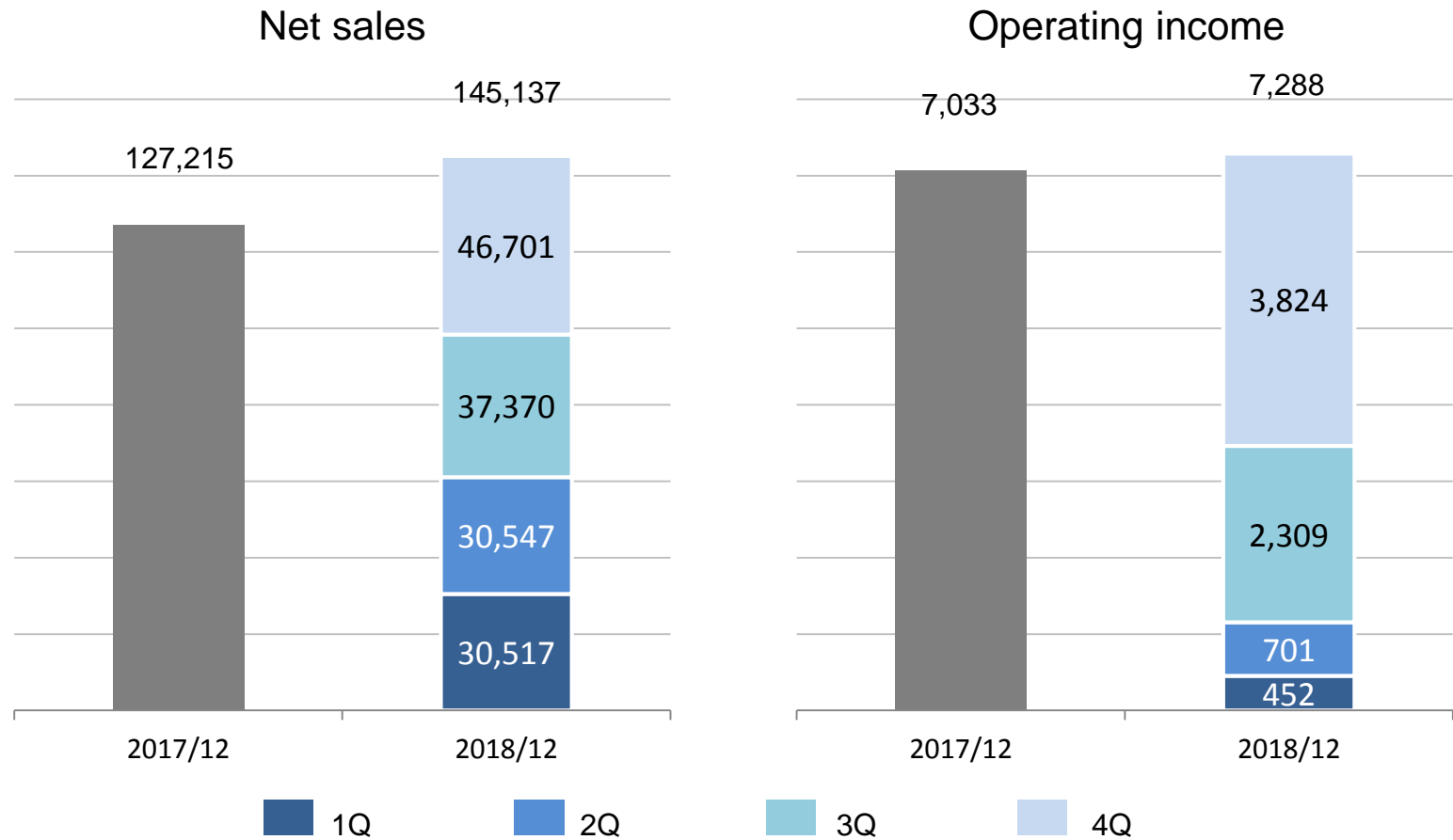
Business Forecast by Segment

- The Human Resources and Education Business, which is our mainstay, is expected to keep leading our business.

Unit: Million yen, %			Results for the term ended Dec. 2017		Forecast for the term ending Dec. 2018		YOY		
				(Profit margin)		(Profit margin)	Change	Pct. Change	
Human Resources and Education Business	Factory Business	Net sales	41,654		46,435		4,781	11.5	
		Segment income	2,587	(6.2%)	3,264	(7.0%)	677	26.2	
	Technology Business	Net sales	12,155		13,338		1,183	9.7	
		Segment income	1,263	(10.4%)	1,291	(9.7%)	28	2.2	
	R&D Business	Net sales	6,489		7,420		931	14.3	
		Segment income	634	(9.8%)	693	(9.3%)	59	9.3	
	Sales & Marketing Business	Net sales	5,741		5,380		△361	△ 6.3	
		Segment income	219	(3.8%)	80	(1.5%)	△139	△63.5	
	Total (reference)		Net sales	66,041		72,573		6,532	9.9
			Segment income	4,704	(7.1%)	5,329	(7.3%)	625	13.3
Real Estate Business	Real Estate Business	Net sales	49,080		57,624		8,544	17.4	
		Segment income	4,635	(9.4%)	3,974	(6.9%)	△661	△14.3	
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	9,167		11,548		2,381	26.0	
		Segment income	25	(0.3%)	230	(2.0%)	205	820.0	
Other	Others	Net sales	2,856		3,391		535	18.7	
		Segment income	△272	(-9.5%)	△125	(-3.7%)	147	△54.0	
Total		Net sales	127,147		145,137		17,990	14.1	
		Elimination or corporate	△2,029		△2,119		(—)	(—)	
		Operating income	7,064	(5.6%)	7,288	(5.0%)	224	3.2	

FY2018 Quarterly Business Forecast

- From this term, we will disclose quarterly earnings forecasts for the purposes of improving the transparency of business administration and contributing to the investment judgment of shareholders and investors.



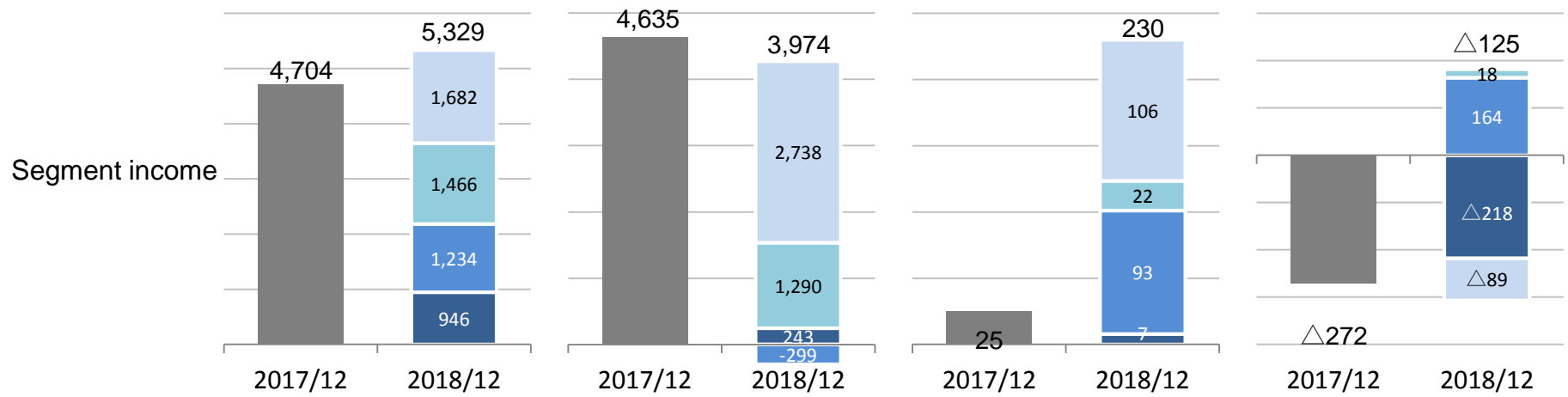
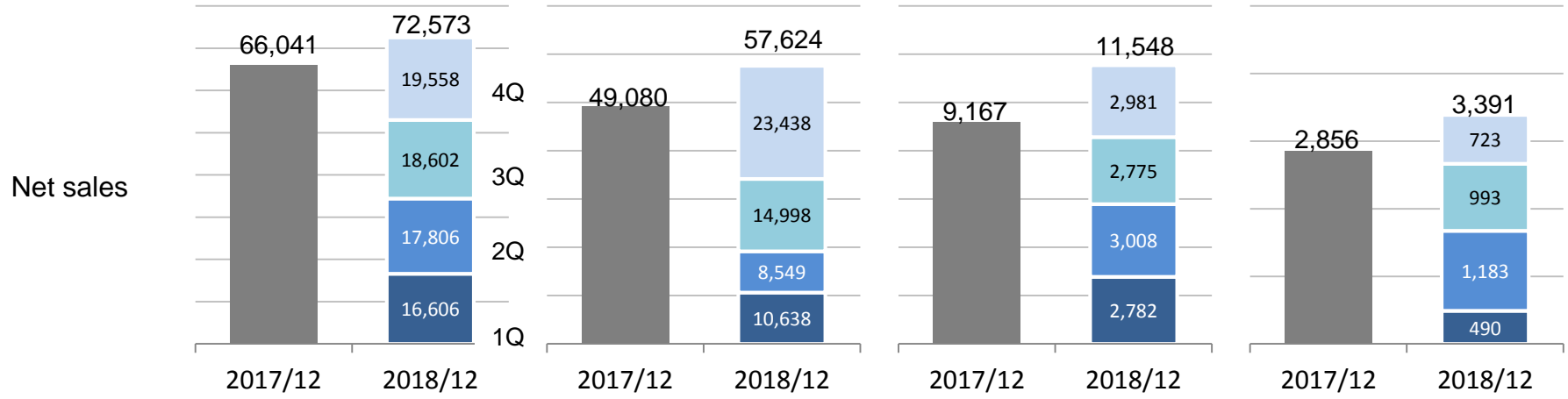
Quarterly Business Forecast by Segment

Human Resources and Education Business

Real Estate Business

Information and Telecommunications Business

Other

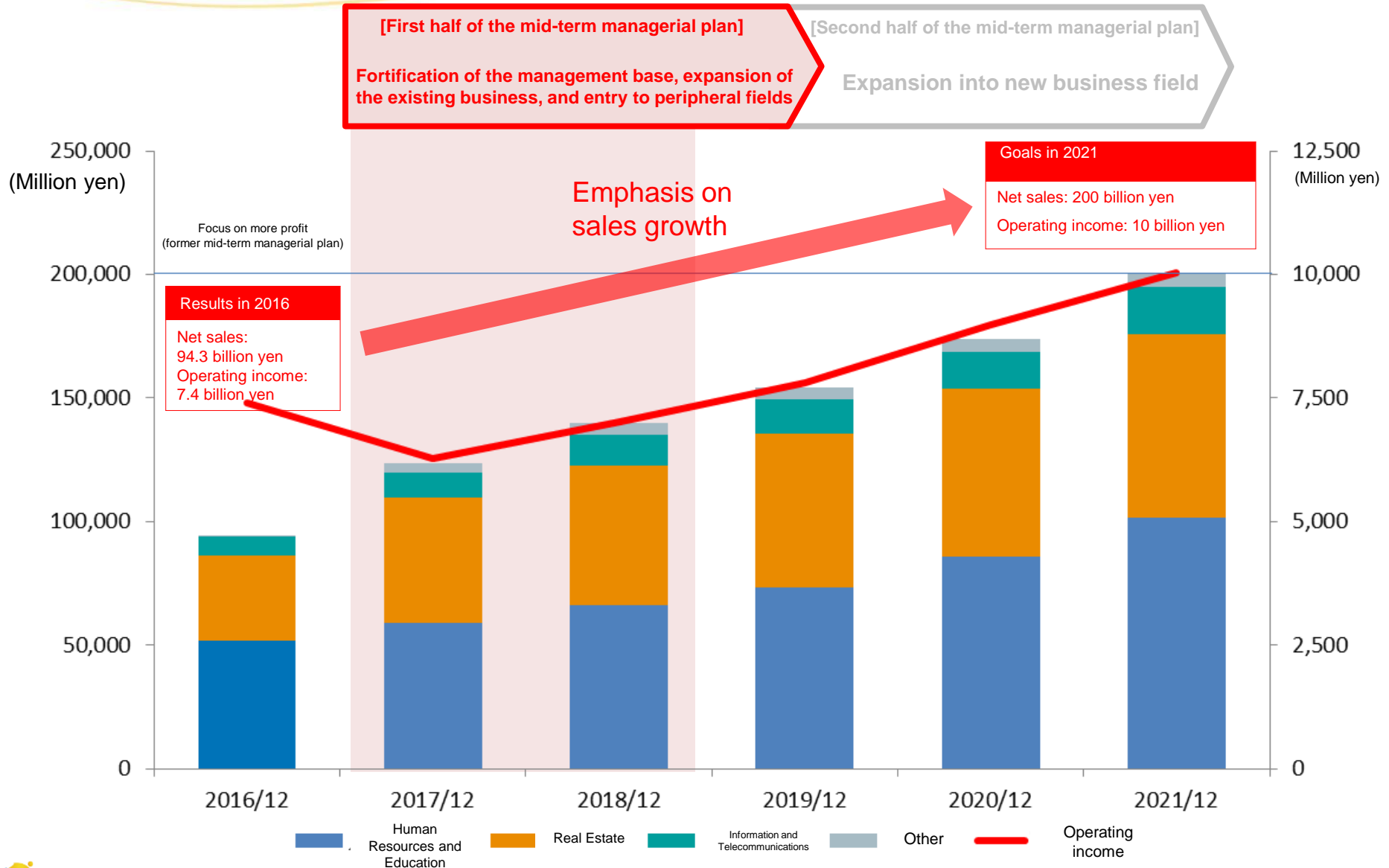


■ 1Q ■ 2Q ■ 3Q ■ 4Q

III. Progress of New Mid-term Managerial Plan 2021



Numerical Target in New Mid-term Managerial Plan 2021



Overview of New Mid-term Managerial Plan 2021

Expansion based on well-balanced business administration

- To concentrate on the core business and pursue optimal profit performance with an appropriate scale
- To enter peripheral fields with an appropriate scale, and offer new services
- To utilize M&A during the process

[First half of the mid-term managerial plan]

[Second half of the mid-term managerial plan]

Human Resources
and Education
Business

Real Estate Business

Information and
Telecommunications
Business

Beyond outsourcing...

From unilateral matching to bilateral matching
Challenge as a professional in job creation

Pursuit of further self-running and self-supporting capabilities

Reform of the profit structure through business that is
not swayed by the economic environment

Creation of new value through the pursuit of services

Fusion and synergy between areas (expansion of the
store network) and items (merchandise)

M&A

+

Self growth

Inclusion of HOEI KENSETSU and Farm in our Corporate Group

[HOEI KENSETSU Co., Ltd.] <which became a subsidiary in January 2017>

- Sold over 4,000 custom-built single-family houses mainly in Sapporo City.

<Purposes in including this company in our corporate group>

Synergy with our existing business

Synergy with the renovation business targeted at real estate sold so far

Expansion of our business domain

Expansion of our business area with single-family houses while utilizing the base of our corporate group

To achieve a good balance in the revenue structure, and evolve into a more robust and stable management base

[Farm Co., Ltd.] <which became a subsidiary in February 2017>

- Runs agricultural parks throughout Japan, attracting about 1 million visitors per year with community-based operation.

<Purposes in including this company in our corporate group>

Job creation and regional development

Community-based creation of a broad range of jobs, and regional development through revitalization

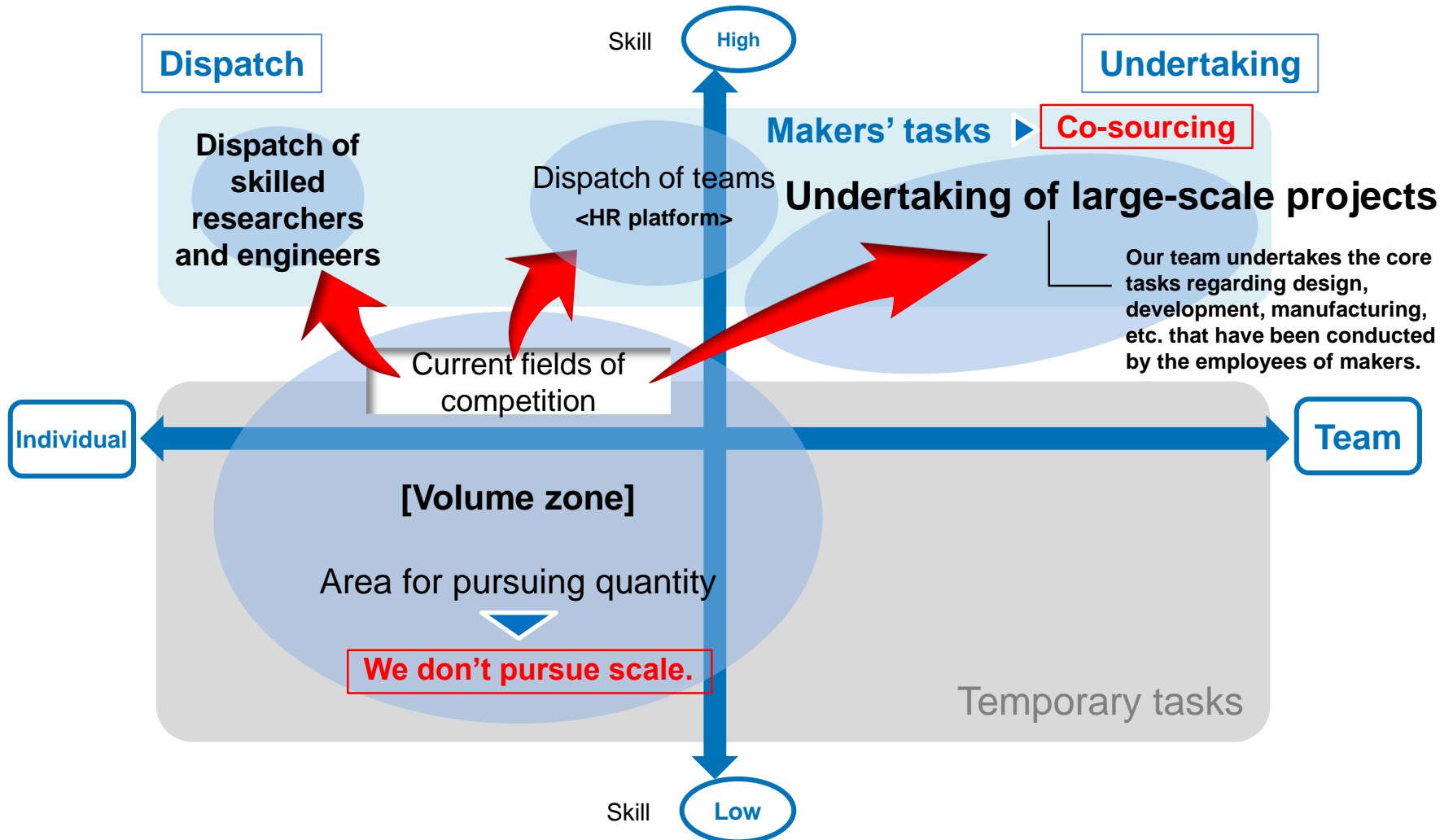
New recurring-revenue business

Recurring-revenue business, whose profit rises according to the number of visitors.

Preparation for group synergy through the approach to visitors

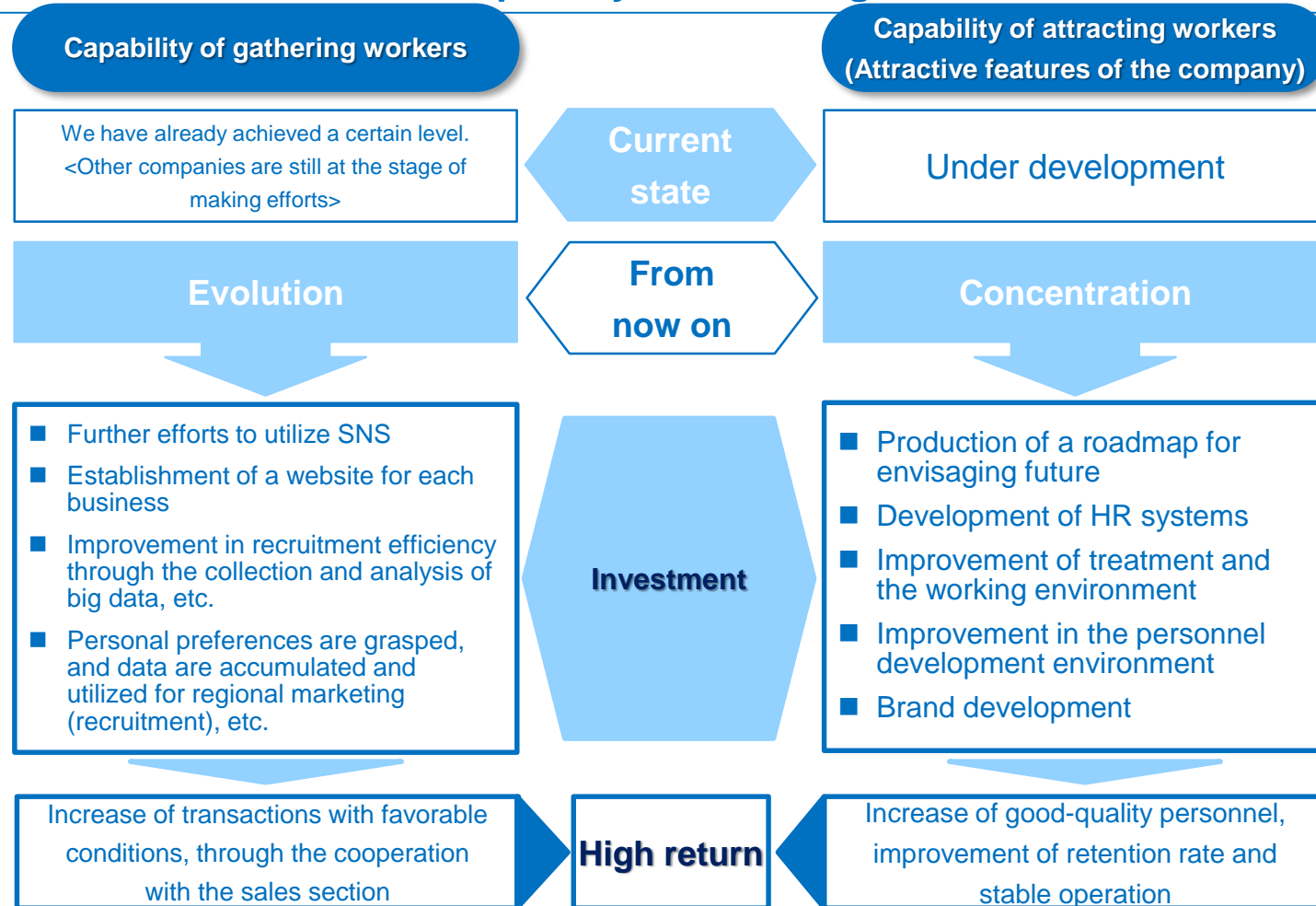
Progress in Human Resources and Education Business ①

Ideal state to achieve by fiscal 2021 ⇒ Our unique position & high profitability



Progress in Human Resources and Education Business ②

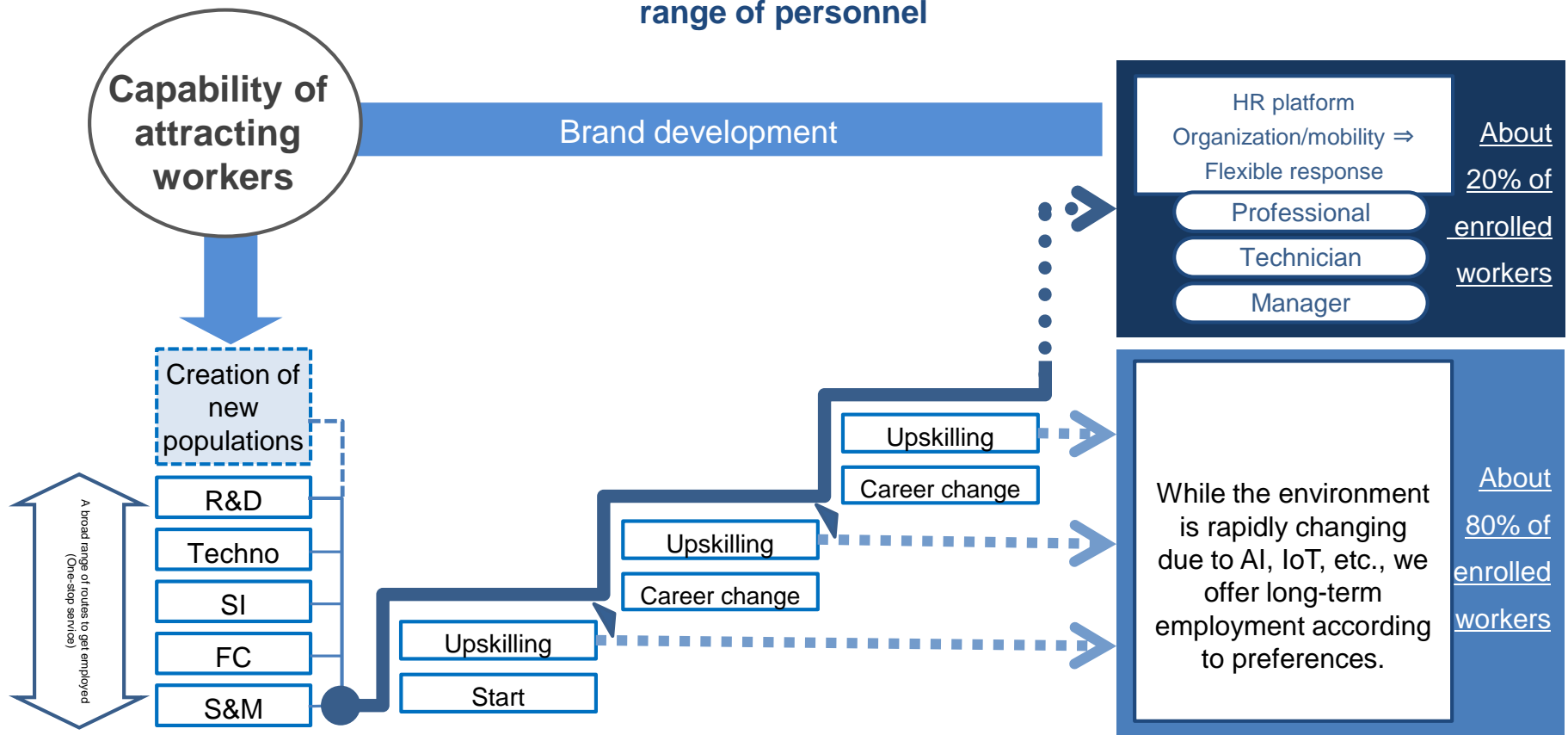
Measure to take ⇒ To focus on not only “the capability of gathering workers,” but also “the capability of attracting workers”



Progress in Human Resources and Education Business ③

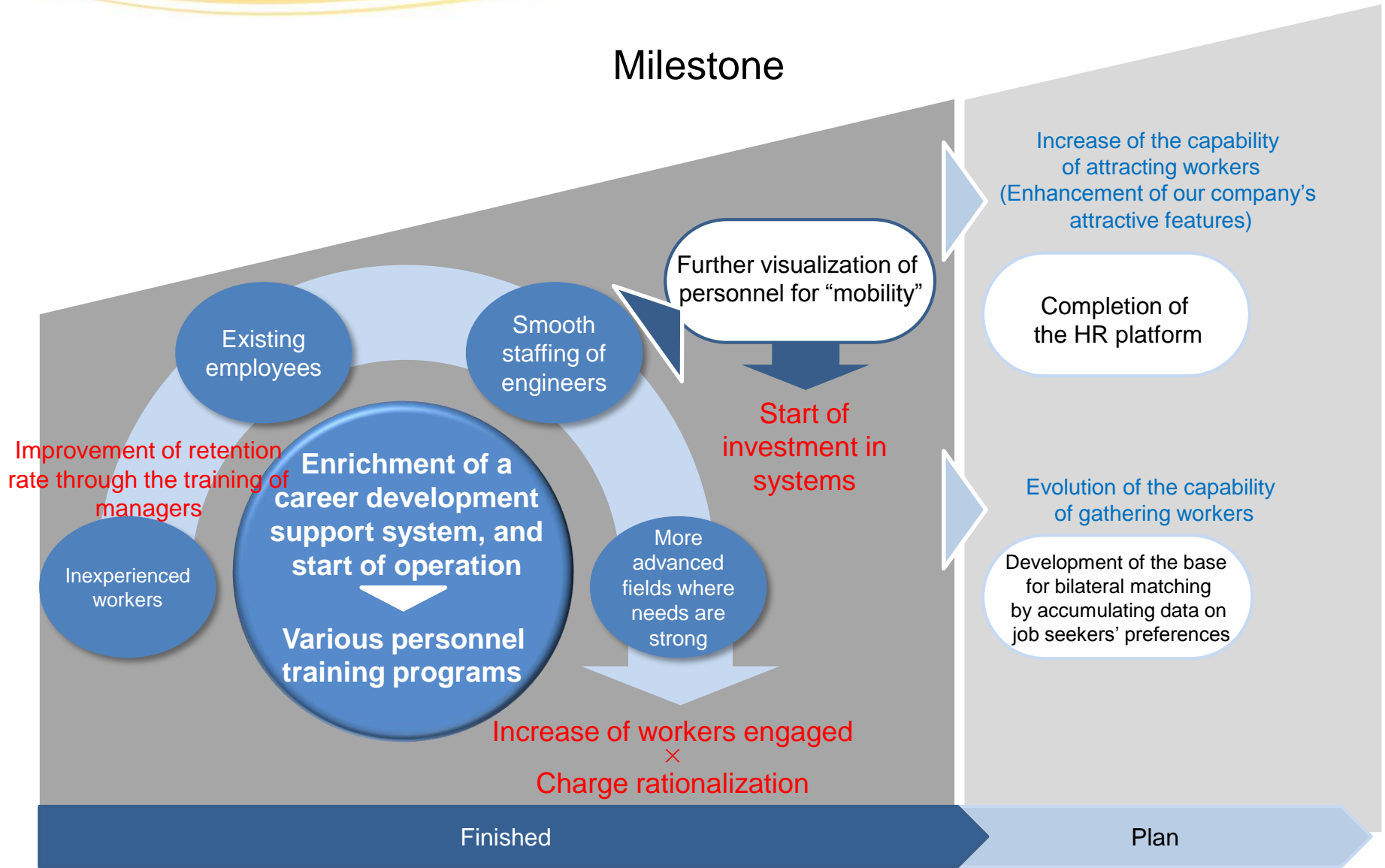
Focus on the capability of attracting workers ⇒ Personnel development process (establishment of a human resources platform)

Production of a roadmap for envisaging each worker's future for a broad range of personnel



Progress in Human Resources and Education Business ④

Milestone



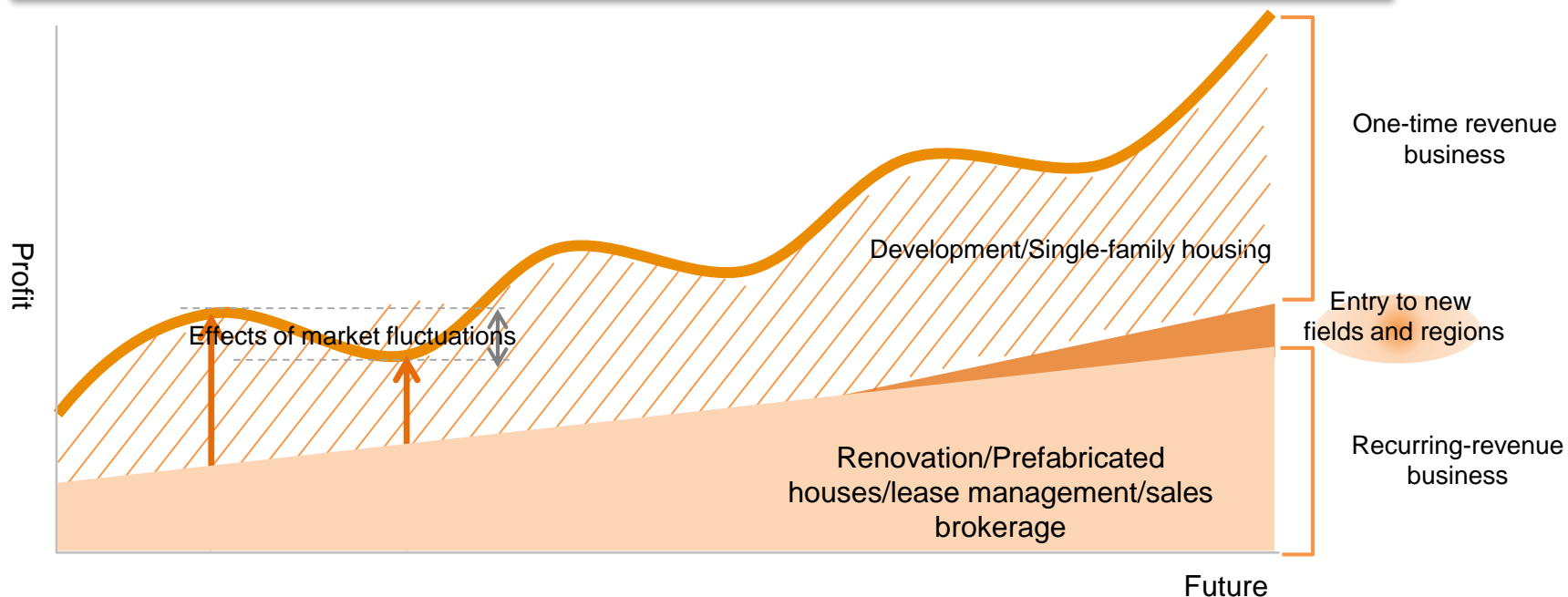
Progress in Real Estate Business ①

Ideal state to achieve by fiscal 2021

To strategically develop an operational system for enabling the flexible procurement and sale according to region and market situation, and actualize robust business (profit structure) that is not swayed by the economic environment

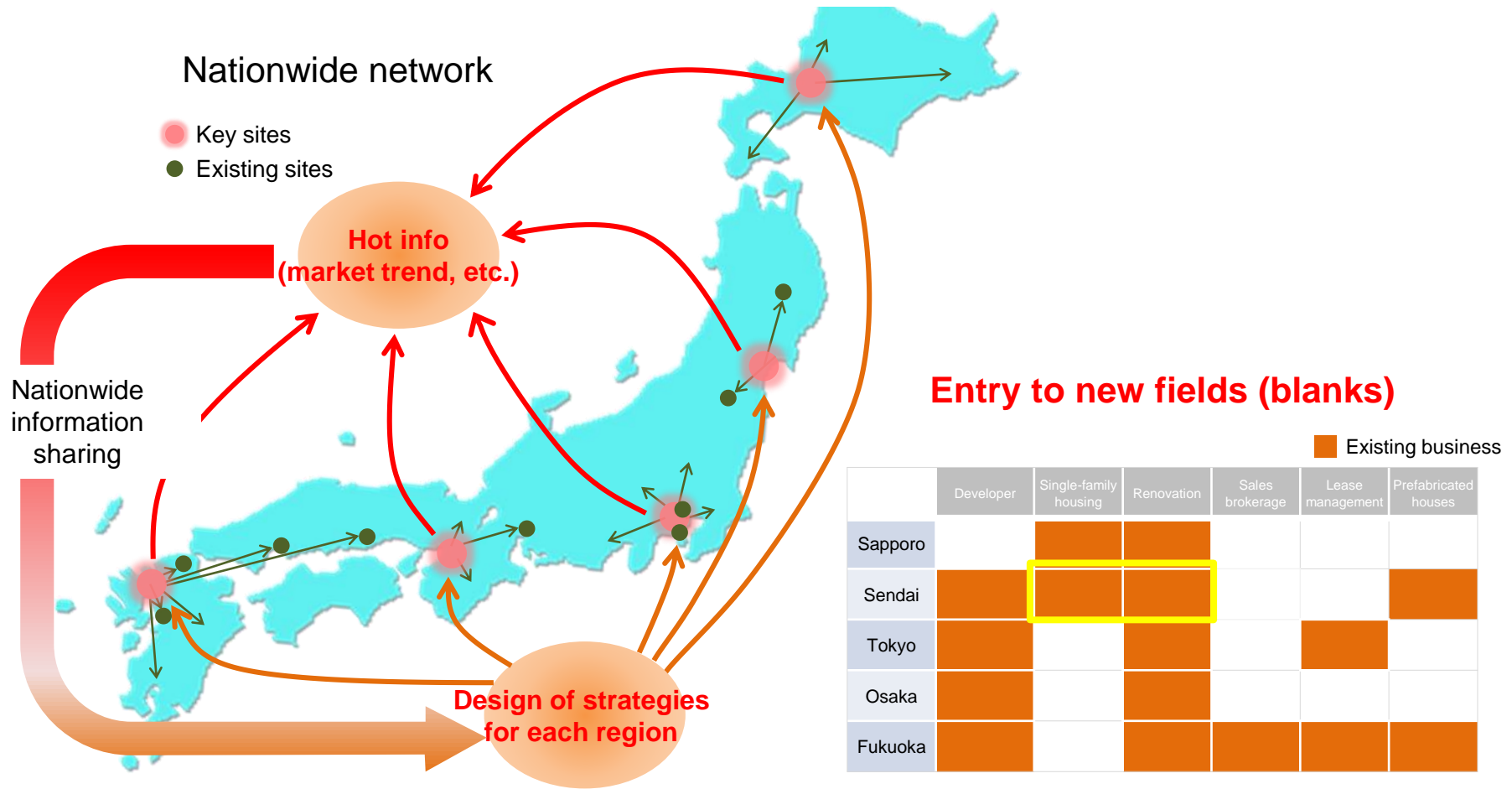
- We have recently developed systems for maximizing profit.
- From now on, we will disclose quarterly forecasts from the viewpoint of transparency.

Ideal profit structure



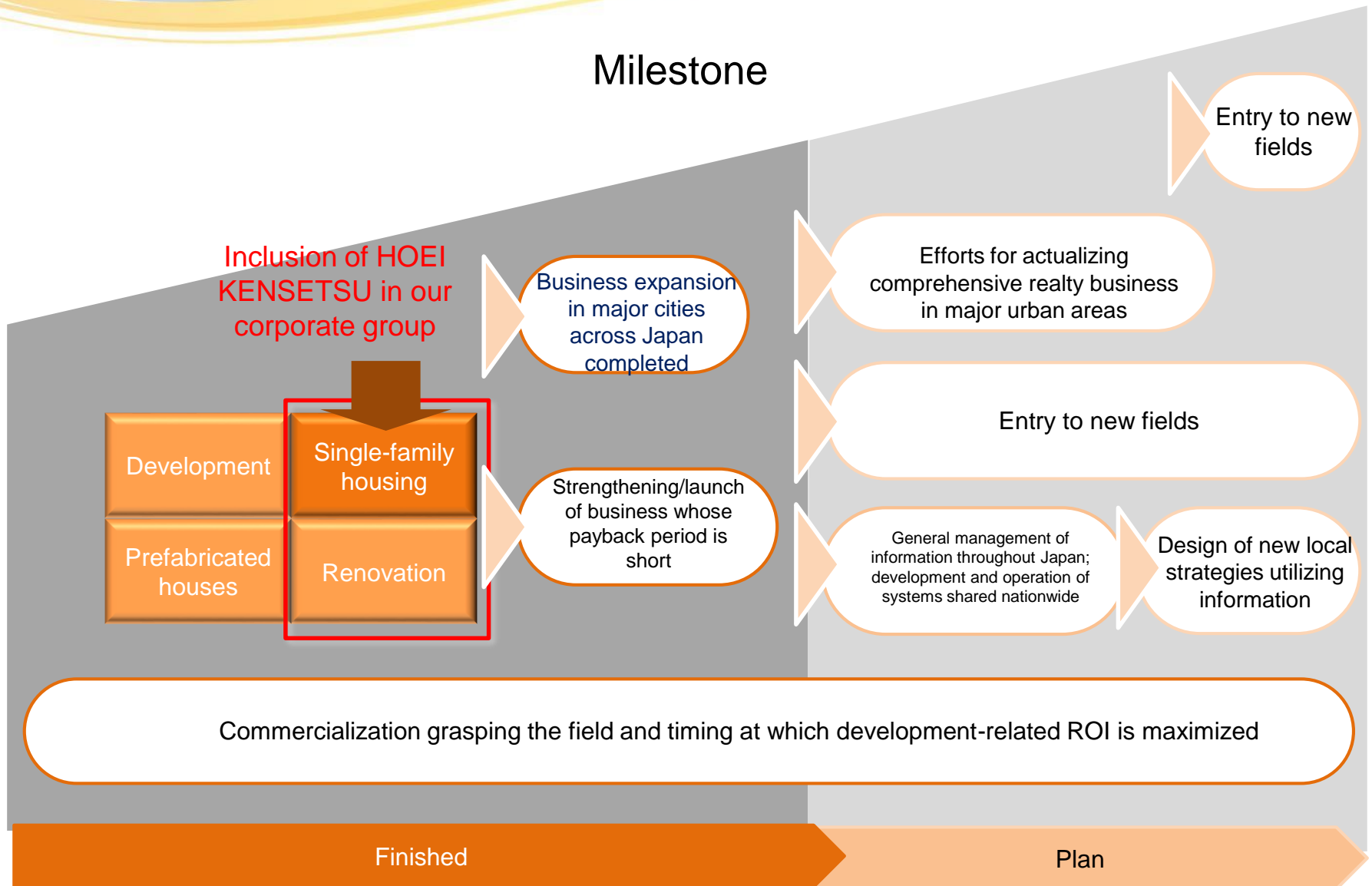
Progress in Real Estate Business ②

Efforts for realizing comprehensive realty business in major urban areas, and design and implementation of new local strategies while putting together information taken nationwide



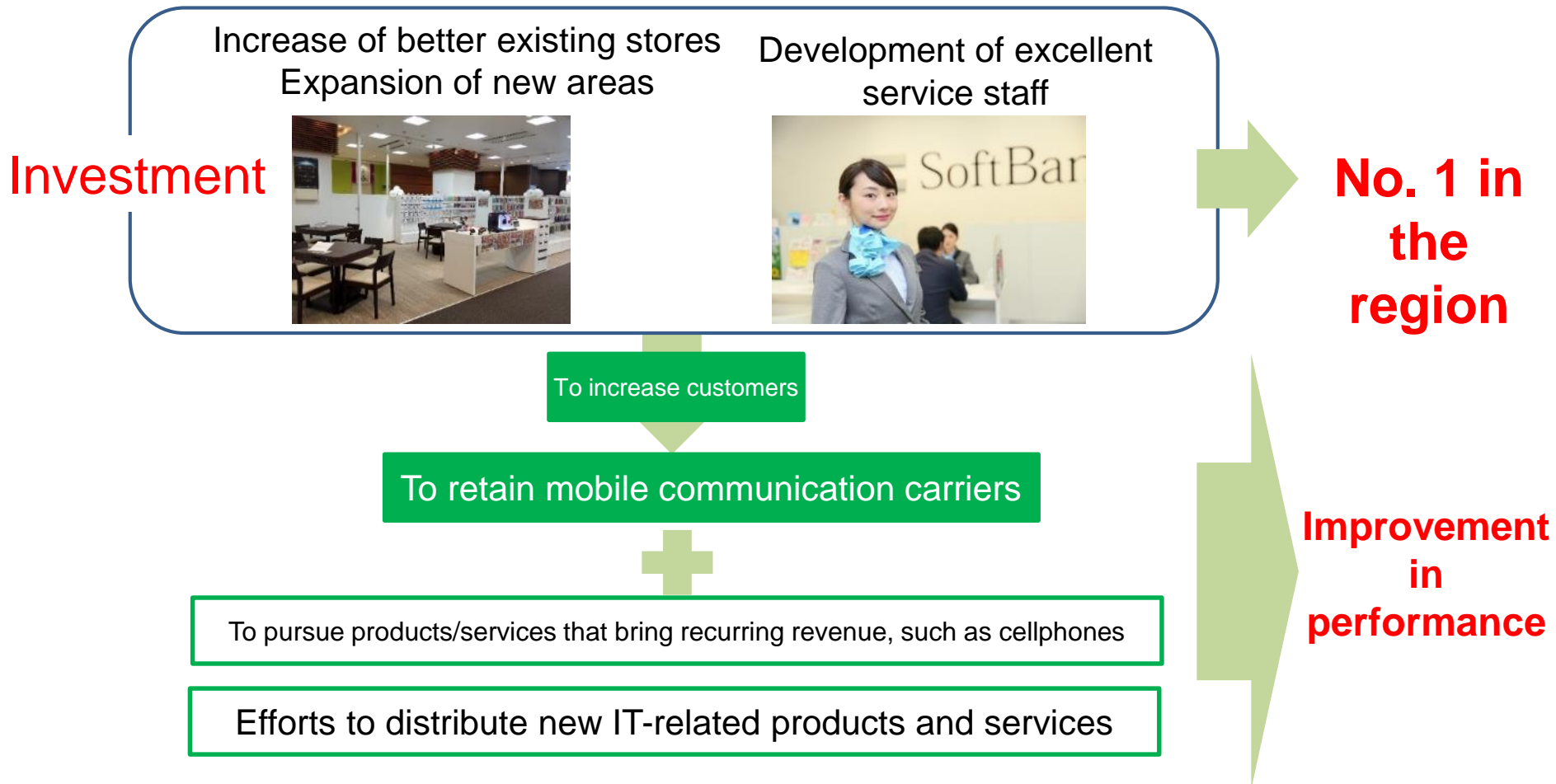
Progress in Real Estate Business ③

Milestone



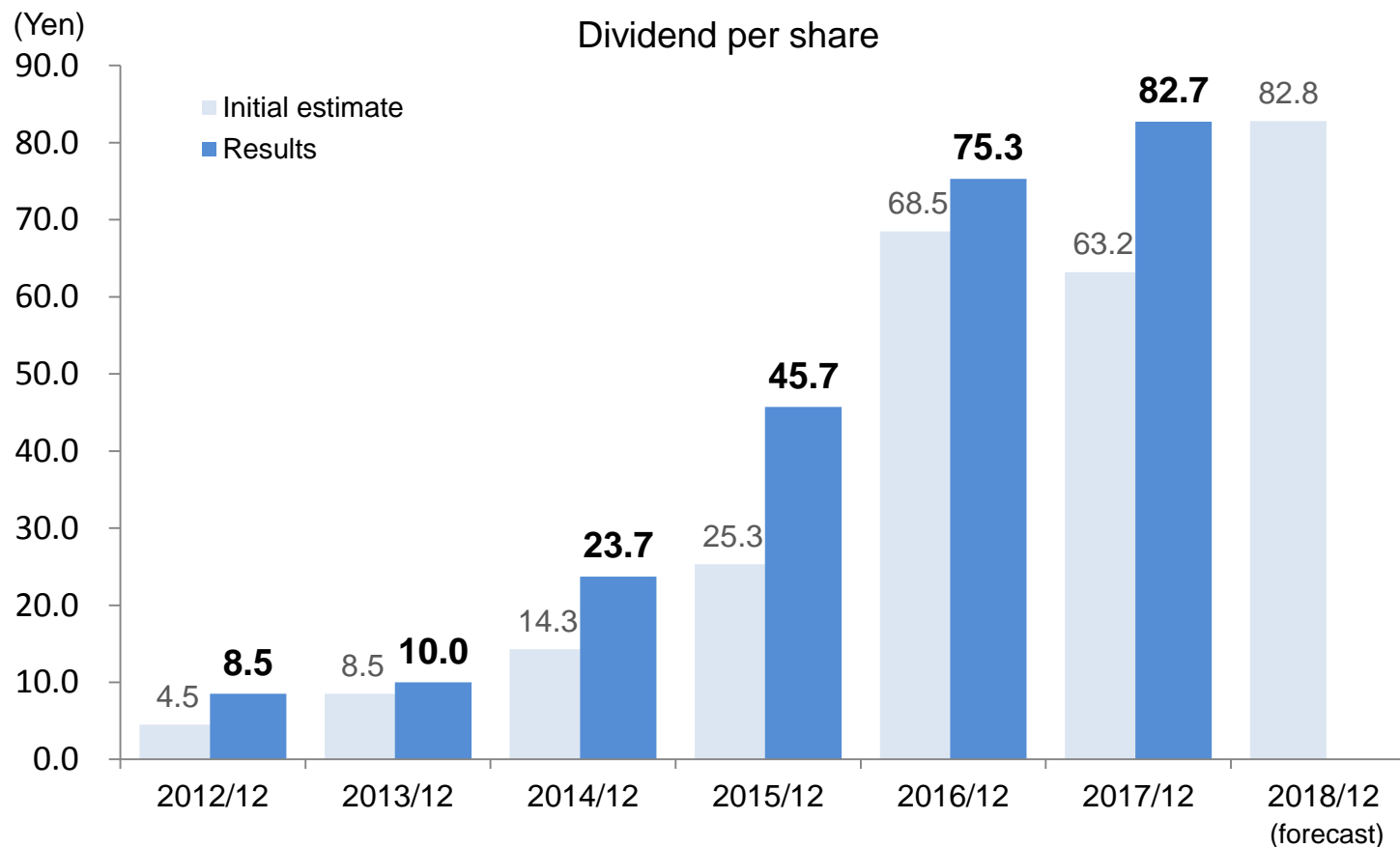
Information and Telecommunications Business

We aim to achieve community-based business expansion by closing and building stores (including M&A) according to the characteristics of each store.



Shareholder Returns

We aim to increase dividends stably and continuously, and achieve a payout ratio of 30%.



*The forecast and dividend estimated are based on the information that the Company has and a certain assumption that is considered reasonable. There is a possibility that the actual results may largely differ based on various factors.

<Activities of Farm Co., Ltd.>

To facilitate the understanding of nature through interaction
Job creation in regions



<Real estate business>

■ Care for the environment
(construction sites)



■ Local contribution activities



■ Condominiums (proposals for wall greenery)



■ Development and release of “Clean Toilet Forea”
(Certified as a two-star toilet in “Certification of Comfortable Toilets”
published by the NPO Japan Toilet Labo.)



In addition, we released toilets with the wood grain, specs for events, and specs for construction sites.

For More Information

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