



FY2018 Second Quarter Financial Results

August 20, 2018 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

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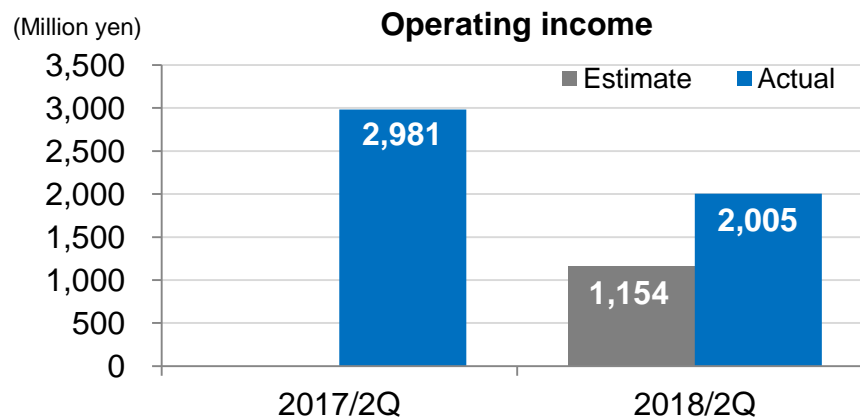
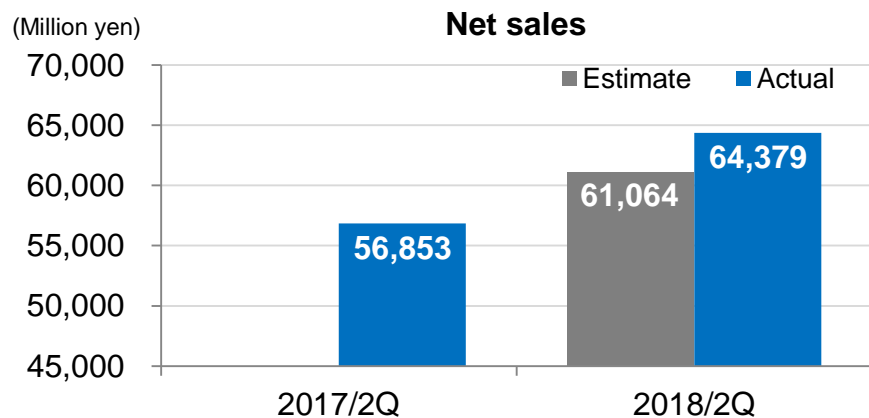
I. Summary of FY2018 Second Quarter Financial Results



Summary of Financial Results

(1) Results Compared to the Initial Estimate

- Both sales and profit were healthy, compared with the initial estimates. Especially, profit exceeded the disclosure standards, and its estimate was revised upwardly.
- The performance of the business of the Human Resources and Education Business, which is our mainstay, was healthy and contributed significantly to the results of the entire group, as we steadily implemented the mid-term managerial plan, which was designed for establishing a new position in the industry.
- As for the Real Estate Business, since it became possible to conduct precise marketing for each region and each product, we delivered real estate related to development swiftly, and profit exceeded the estimate considerably.



(Unit: Million yen)

| | 2017/2Q actual | 2018/2Q estimate | 2018/2Q actual | Compared to the initial estimate | |
|------------------|----------------|------------------|----------------|----------------------------------|------------------|
| | | | | Surplus/deficit | Achievement rate |
| Net sales | 56,853 | 61,064 | 64,379 | +3,315 | 105.4% |
| Operating income | 2,981 | 1,154 | 2,005 | +851 | 173.8% |

Summary of Financial Results

(2) Results Compared to the Results in the Previous Term

(Unit: Million yen)

| | 2017/2Q actual | 2018/2Q actual | YOY | | Full-year budget* | Ratio to full year budget |
|--|-------------------|-------------------|---------------|---------------|----------------------|---------------------------------|
| | | | Change | Pct. change | | |
| Net sales | 56,853 | 64,379 | +7,526 | +13.2% | 145,137 | 44.4% |
| Operating income | 2,981 | 2,005 | -976 | -32.8% | 7,288 | 27.5% |
| Ordinary income | 2,950 | 2,001 | -949 | -32.2% | 7,083 | 28.3% |
| Net income attributable to owners of parent | 2,061 | 1,079 | -981 | -47.6% | 4,635 | 23.3% |

*Announced on February 13, 2018

Overview of Business Results by Segment

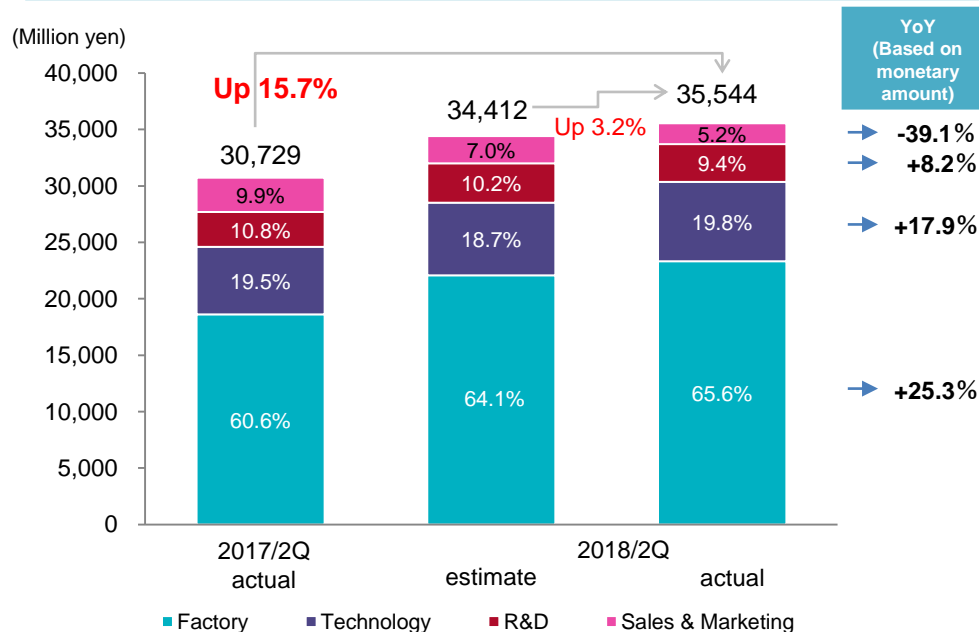
| Unit: Million yen | | | 2017/2Q actual | (Profit margin) | 2018/2Q actual | (Profit margin) | YOY | |
|---|---|-----------------------------|-------------------|--------------------|-------------------|--------------------|--------|-------------|
| | | | | | | | Change | Pct. change |
| Human Resources and Education Business | Factory Business | Net sales | 18,614 | | 23,332 | | 4,718 | 25.3 |
| | | Segment income | 1,401 | (7.5%) | 1,392 | (6.0%) | -9 | -0.7 |
| | Technology Business | Net sales | 5,996 | | 7,029 | | 1,032 | 17.2 |
| | | Segment income | 642 | (10.7%) | 604 | (8.6%) | -38 | -6.0 |
| | R&D Business | Net sales | 3,084 | | 3,336 | | 252 | 8.2 |
| | | Segment income | 271 | (8.8%) | 247 | (7.4%) | -23 | -8.8 |
| | Sales & Marketing Business | Net sales | 3,033 | | 1,847 | | -1,186 | -39.1 |
| Segment income | | 138 | (4.6%) | -60 | (-) | -198 | - | |
| Total (reference) | | Net sales | 30,729 | | 35,544 | | 4,814 | 15.7 |
| | | Segment income | 2,453 | (8.0%) | 2,183 | (6.1%) | -270 | -11.0 |
| Real Estate Business | Real Estate Business | Net sales | 20,594 | | 20,416 | | -177 | -0.9 |
| | | Segment income | 1,290 | (6.3%) | 784 | (3.8%) | -506 | -39.2 |
| Information and Telecommunications Business | Information and Telecommunications Business | Net sales | 4,217 | | 6,741 | | 2,524 | 59.9 |
| | | Segment income | 150 | (3.6%) | 73 | (1.1%) | -76 | -51.1 |
| Other | Others | Net sales | 1,312 | | 1,675 | | 362 | 27.6 |
| | | Segment income | 70 | (5.3%) | -130 | (-) | -200 | - |
| Total | | Net sales | 56,853 | | 64,379 | | 7,526 | 13.2 |
| | | Elimination or corporate | -982 | | -905 | | 77 | - |
| | | Operating income | 2,981 | (5.2%) | 2,005 | (3.1%) | -976 | -32.8 |
| <Reference> | | | | | | | | |
| Real Estate Business | Development/Single-family housing | Net sales | 13,979 | | 11,861 | | -2,118 | -15.2 |
| | Renovation/Prefabricated houses | Segment income | 1,290 | (9.2%) | 550 | (4.6%) | -740 | -57.4 |
| | | Net sales | 6,615 | | 8,555 | | 1,940 | 29.3 |
| | | Segment income | 0 | (0.0%) | 234 | (2.7%) | 234 | - |

Overall Segment

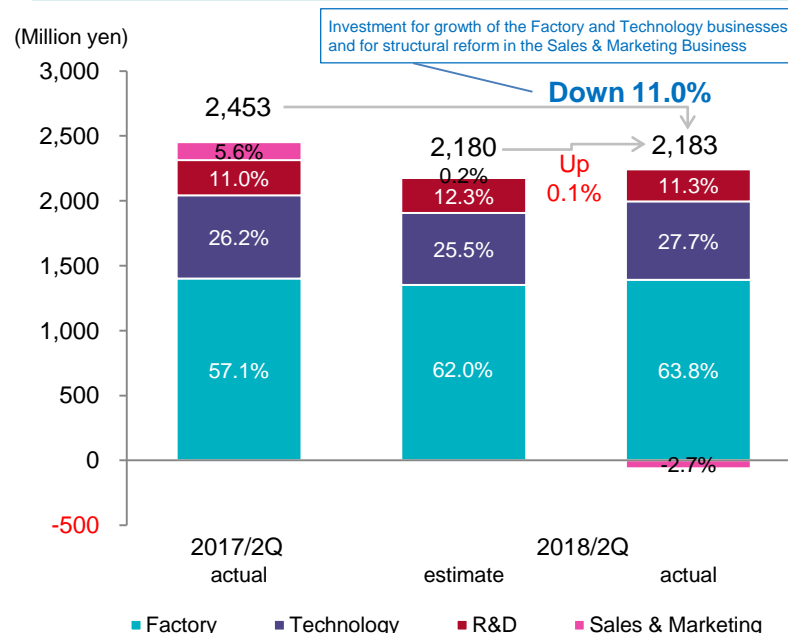
<Composition by business segment>

- We achieved a high rate of sales growth by strengthening our structure/organization ahead of problems in 2018 and by continuing to steadily implement strategies based on our mid-term managerial plan. This segment greatly drove the performance of our entire group.
- We enjoyed continued favorable performance in many fields by improving sales (unit price increase), management (retention rate improvement) and employment (net increase in personnel) functions. Particularly, performance was healthy in the distribution field of the Factory Business as well as the Technology Business.
- On the other hand, profit declined from the previous term, due to the upfront investment for the strategies in the mid-term managerial plan.

◆ Sales composition



◆ Segment income

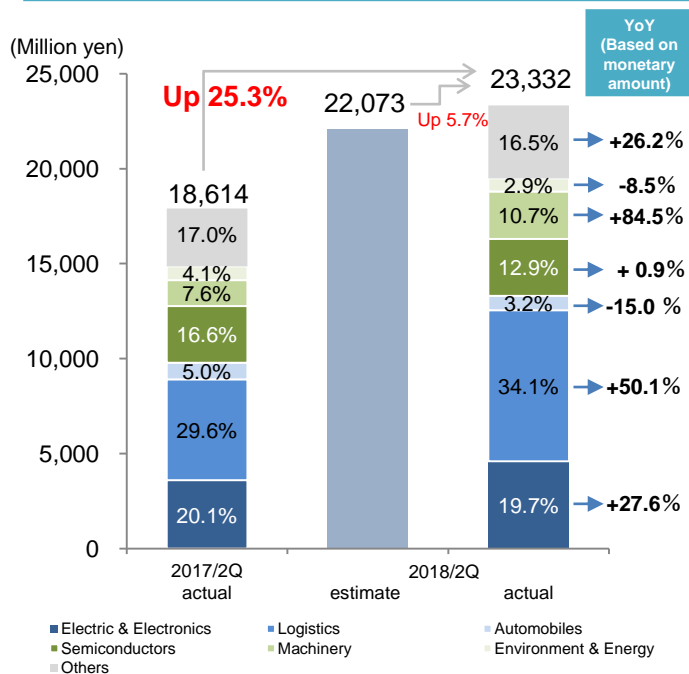


Factory Business

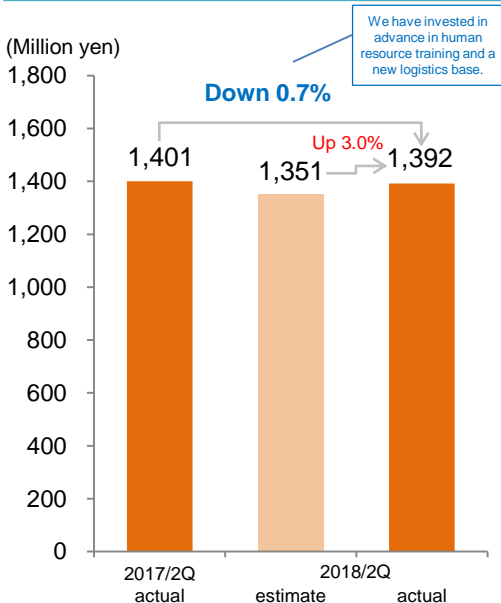
<Sales composition by business segment and the number of staff members>

- The mobilized personnel recruited through bilateral matching were assigned to offices that have a good environment for training workers, and practical training was carried out, to launch large-scale projects stably and swiftly. In addition, retention rate improved.
- In the distribution field, the operation of a new foothold began in April, contributing to the increase of workers enrolled.
- We actively invested in the systematization of recruitment processes, the development of an environment for training workers, etc.

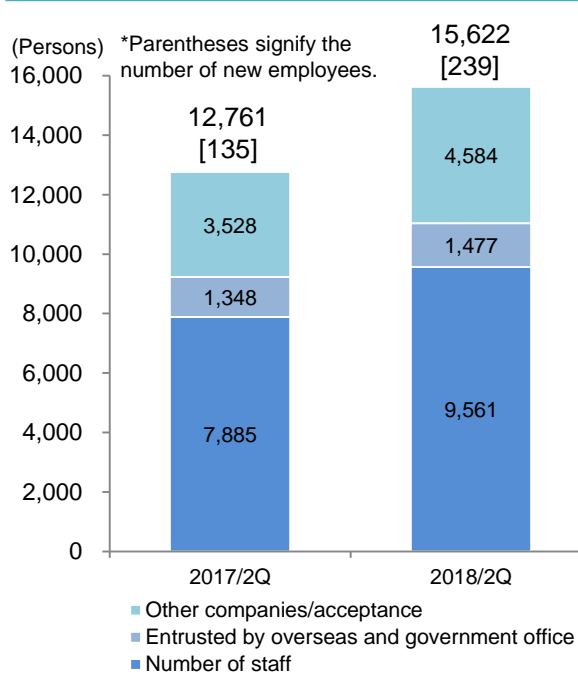
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

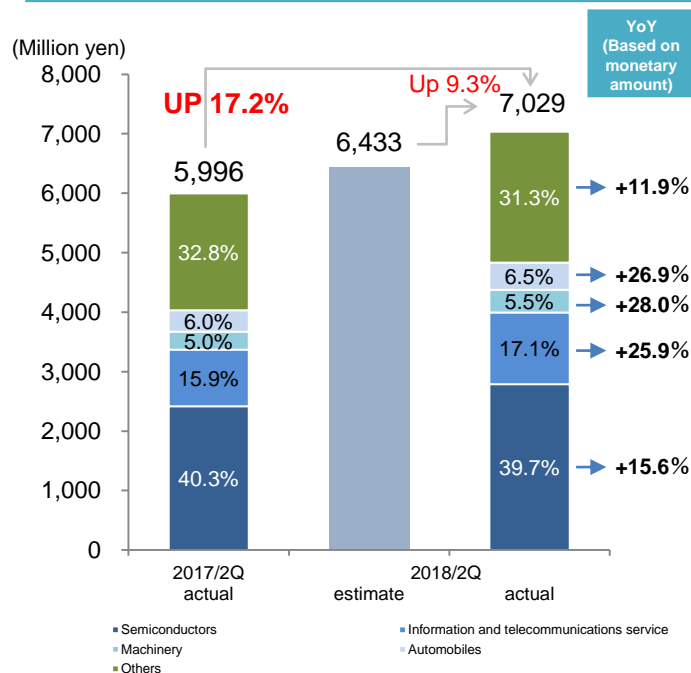
*The number of staff is a three-month average. External staff members accepted from other companies are included.
*Number of staff included only staff members who are engaged in on-site operation work.

Technology Business

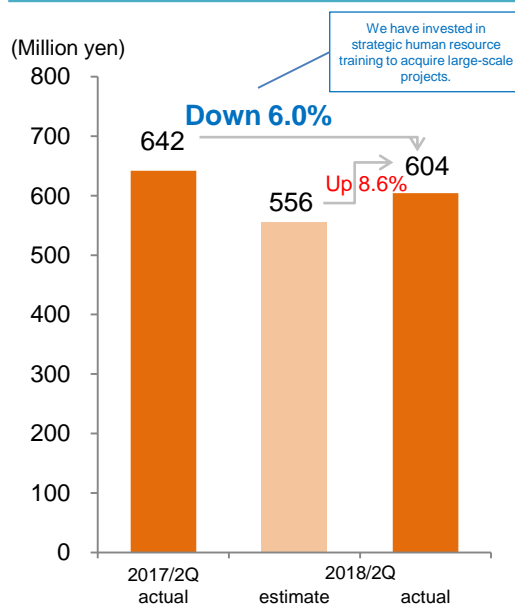
<Sales composition by business segment and the number of staff members>

- We have continued to invest in the expansion of our training curriculum for expert engineers (e.g. JAVA programming, CATIA and Tfas) in high need. This has improved the technical capabilities of our existing employees and increased the number of people assigned together with training for those who are inexperienced.
- In addition, we established Production Engineering Center specializing in production technologies in June, contributing to the increase of orders received regarding production technologies.

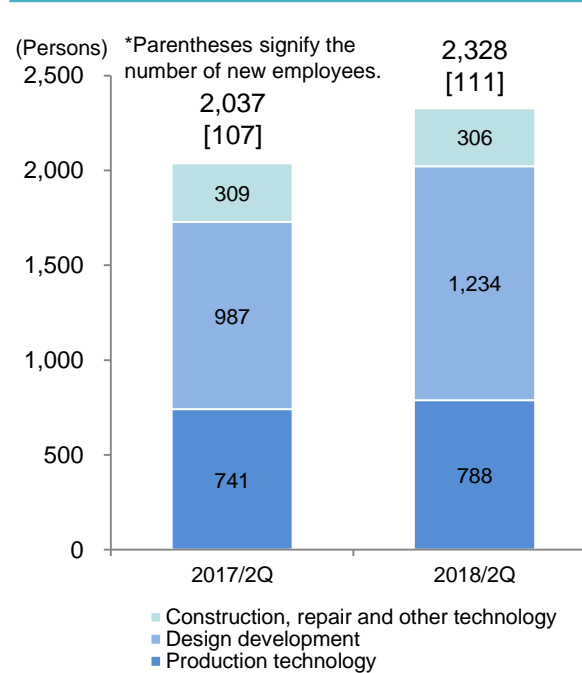
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

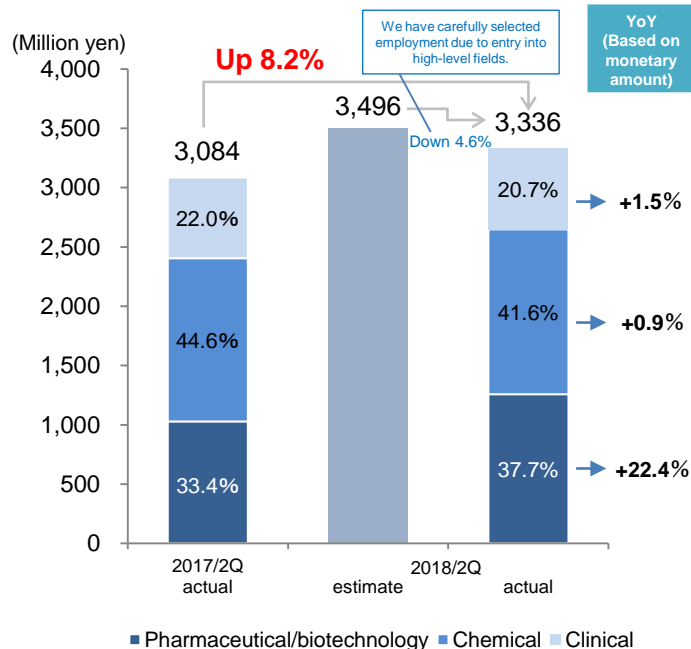
*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

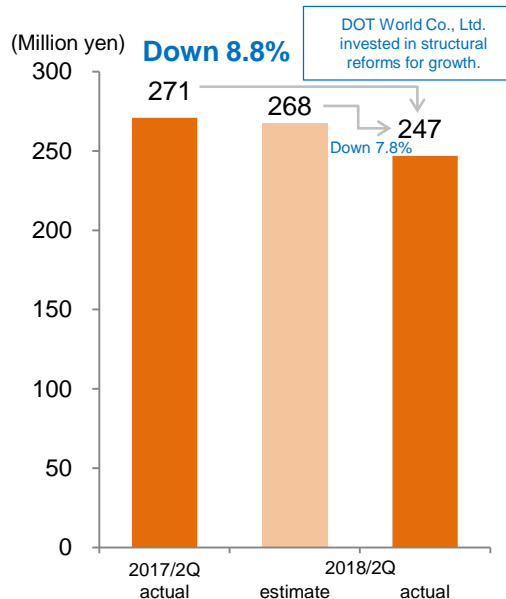
<Sales composition by business segment and the number of staff members>

- We promoted our business strategically, by assigning researchers with high value to the fields with high added value.
- We strived to expand the collaborative research system with multiple colleges, while preparing for a system for undertaking tasks.
- We strived to enrich the environment for training management staff in addition to researcher employees, and invested mainly in the development of people with strong corporate loyalty. In addition, DOT World Co., Ltd. invested in structural reforms, including the restructuring of organizations.

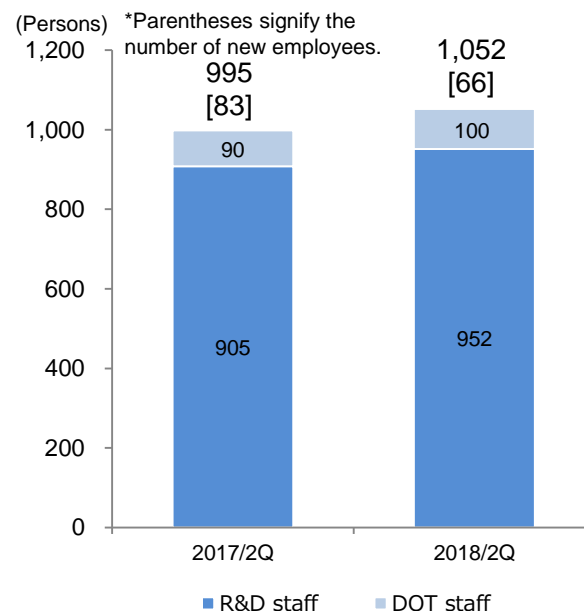
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

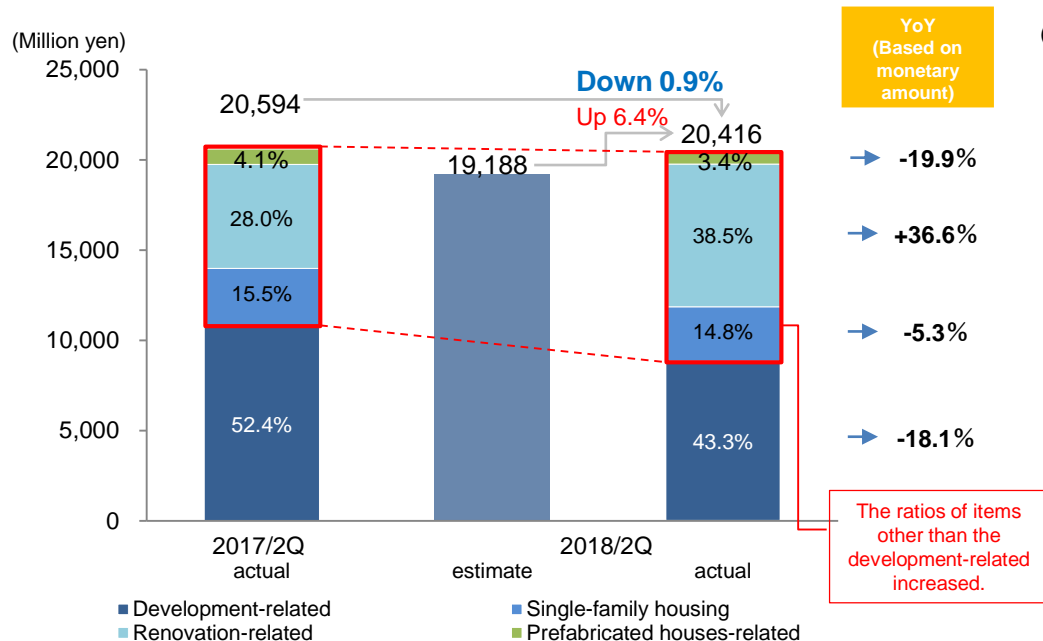
*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

Real Estate Business

<Sales composition by business segment and major activities>

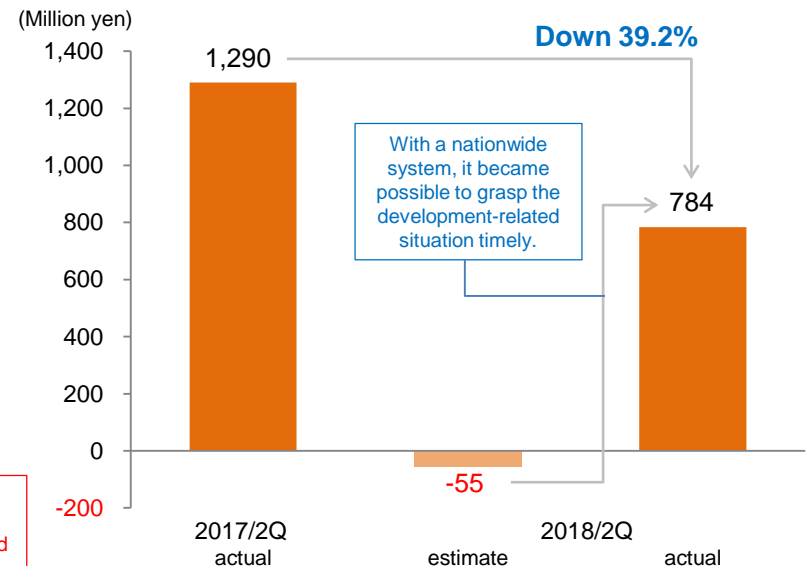
- As we completed a nationwide system for offering competitive products in each region, and developed information networks, it became possible to conduct marketing more precisely (by predicting places, products, timings, etc. to sell).
- As a result, the profit related to development grew due to the swift delivery of real estate, and the number of renovated houses delivered increased considerably (1.5 times from the previous term).

◆ Sales composition by business segment



*We have not disclosed the sales and segment income estimate by business segment.

◆ Segment income

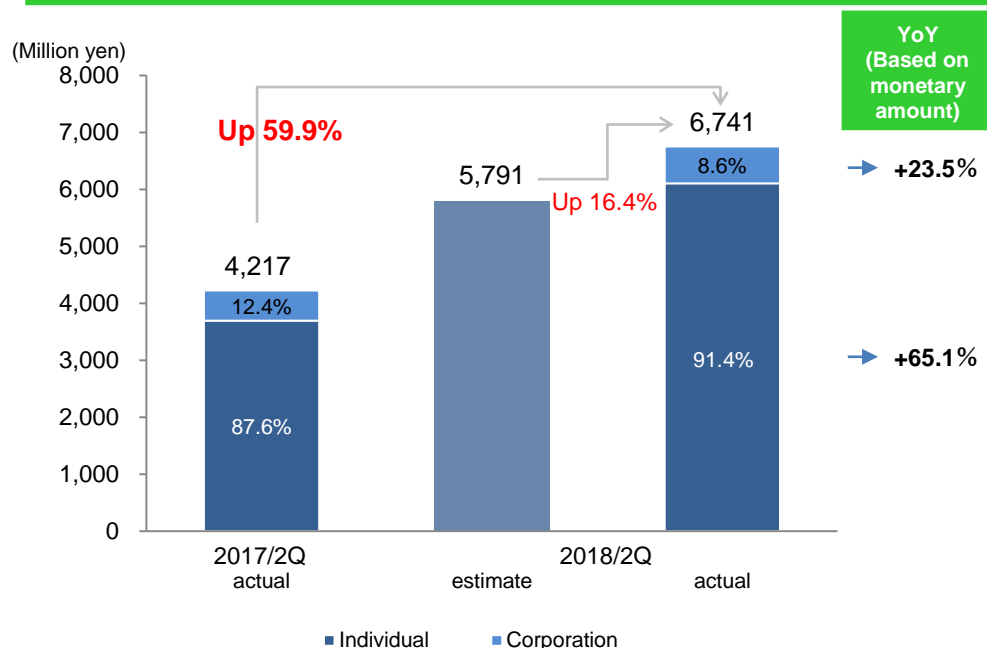


Information and Telecommunications Business

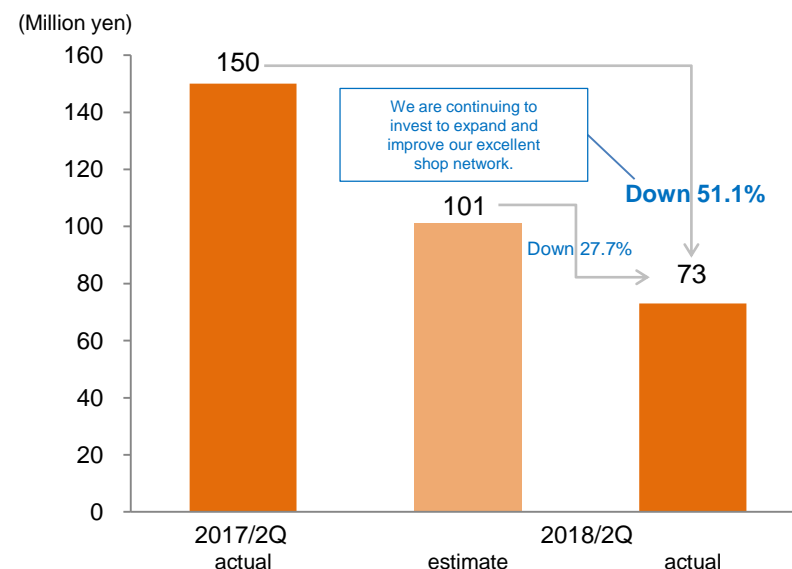
<Sales and major activities>

- We invested mainly in the shop business, which would become our mainstay, for having the merits of remaining players. We concentrated on the development of a network of excellent shops by investing for the environment improvement, including the relocation and enlargement of 16 shops opened last year and existing shops, investing in human resources for improving the ability to attend to customers, and so on.

◆ Sales for each target



◆ Segment income



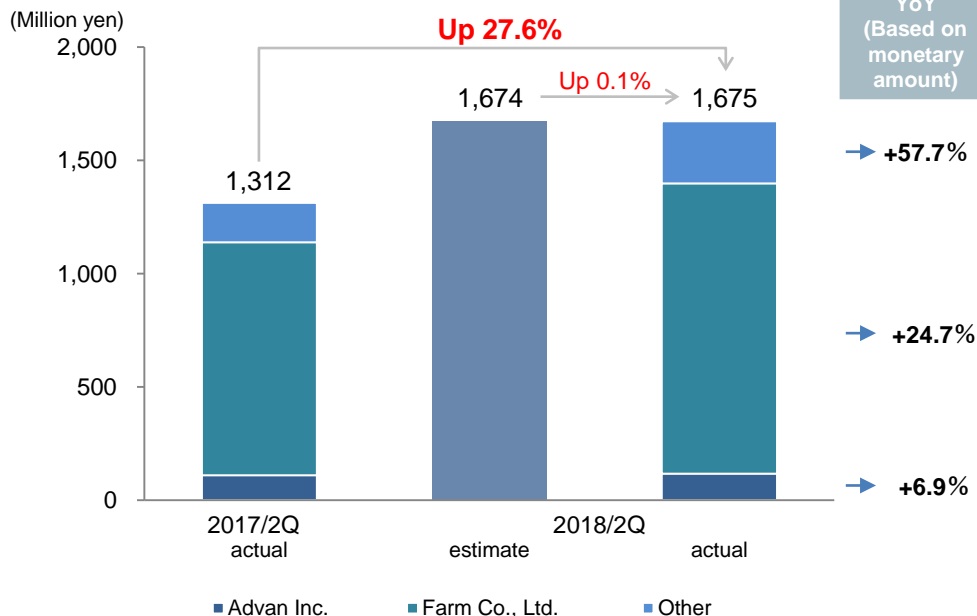
*We have not disclosed the sales and segment income estimate by destination.

Others

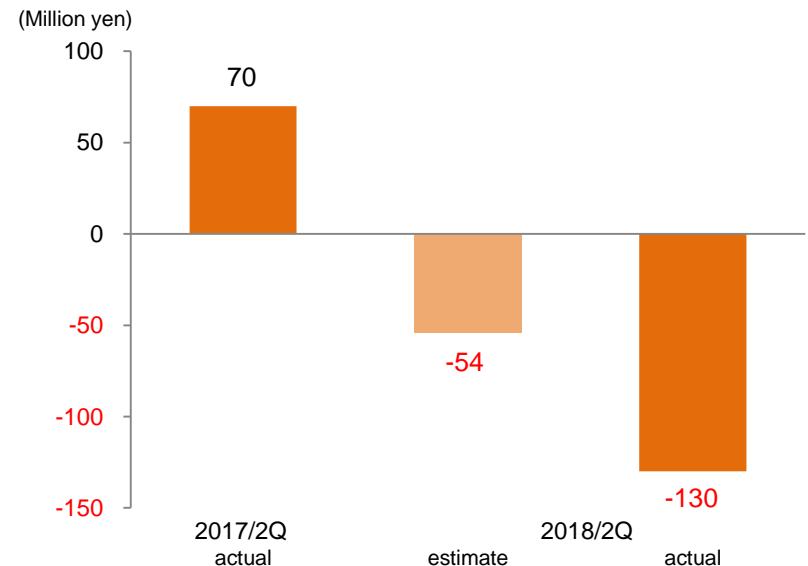
<Sales and major activities>

- Advan Inc. saw a favorable development of web productions and greatly contributed to human resource training in our group.
- Farm Co., Ltd., which operates agricultural park business, earned sales exceeding the initial estimate at some facilities, as the investment in redevelopment of facilities paid off, despite the effects of bad weathers. At the end of June, we opened “Sylvanian Park” in Comorebi Morino Ibaraido in Ibaraki in cooperation with Epoch Co., Ltd.

◆ Sales



◆ Segment income

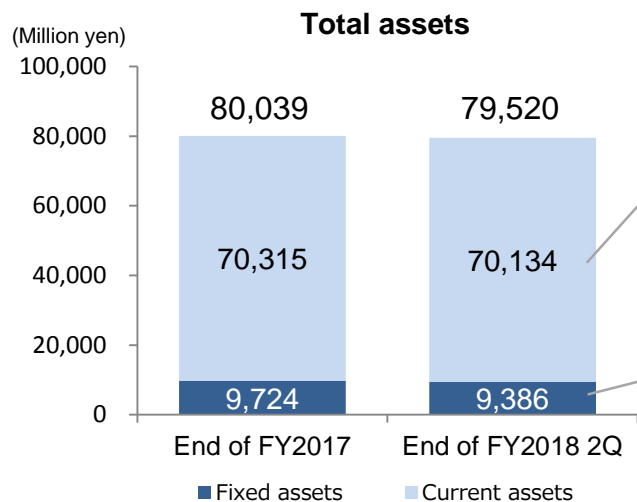


*We newly consolidated Farm Co., Ltd. from the second quarter of FY2017.

*We have not disclosed the breakdown of the sales and segment income estimate.

Financial Condition B/S

- Our total assets have reduced due to repayment of borrowings and payment of dividends and taxes.

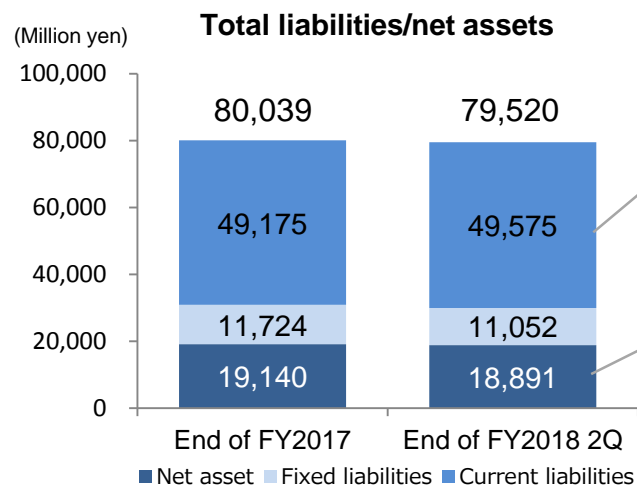


Current assets 70,134 (-181)

- Cash and deposits -840 million yen
- Real estate for sale +1,370 million yen
- Real estate for sale in process -1,307 million yen

Fixed assets 9,386 (-337)

- Goodwill -300 million yen
- Investment securities -218 million yen



Liabilities 60,628 (-271)

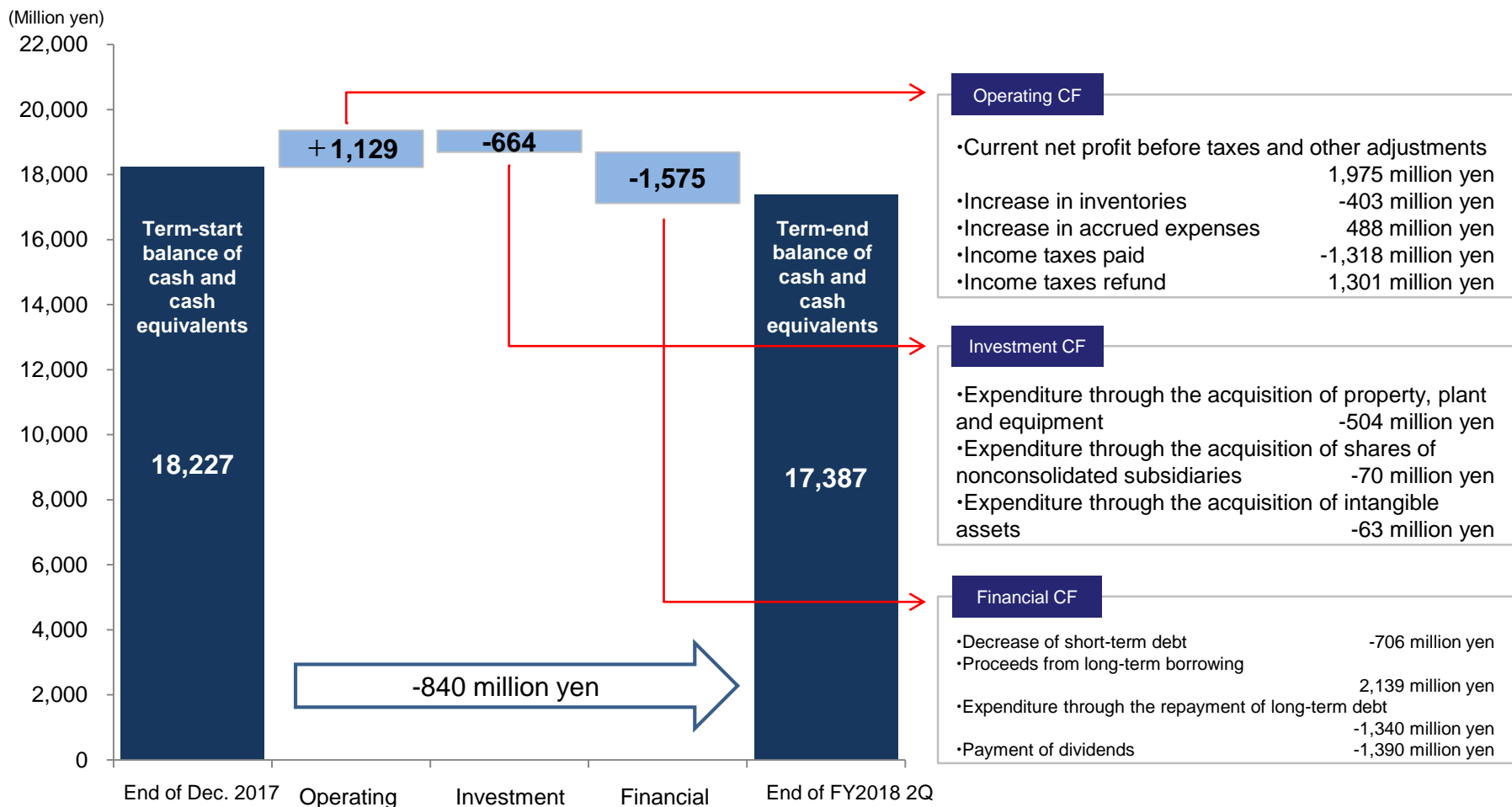
- Short-term debt +839 million yen
- Income taxes payable -518 million yen
- Long-term debt -644 million yen

Net assets 18,891 (-248)

- Retained earnings -314 million yen

Cash Flows

- Operating CF was plus 1,129 million yen, investment CF was minus 664 million yen, and financial CF was minus 1,575 million yen.



II. FY2018 Business Forecasts



Business Forecast (Overall)

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

| 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 |

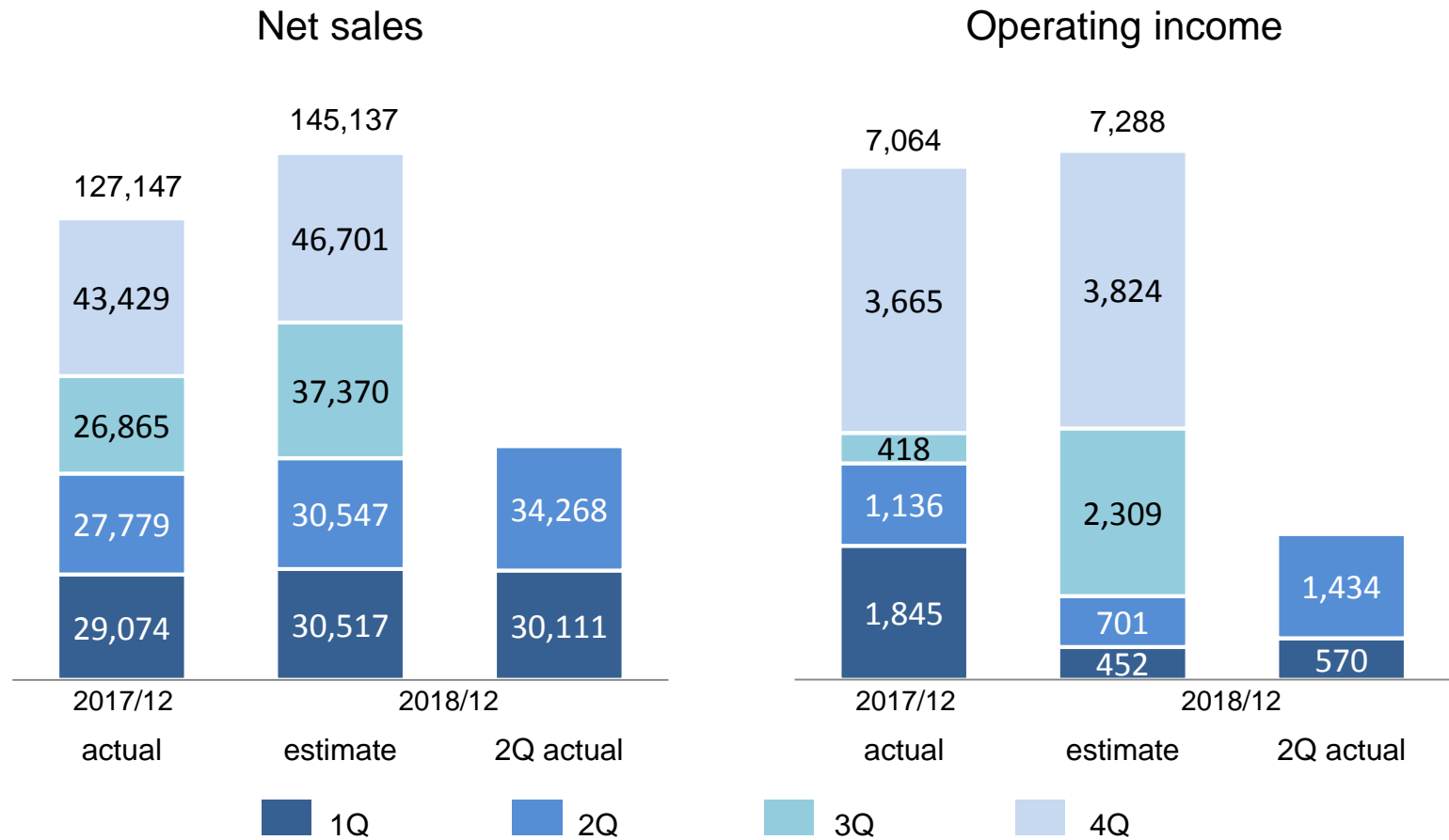
Business Forecast (Segments)

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

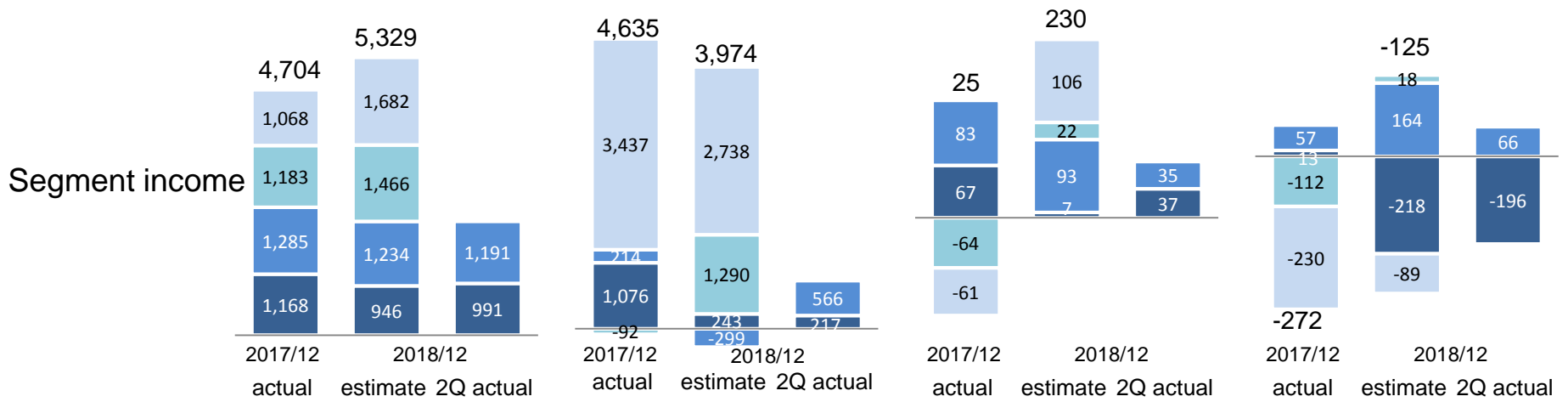
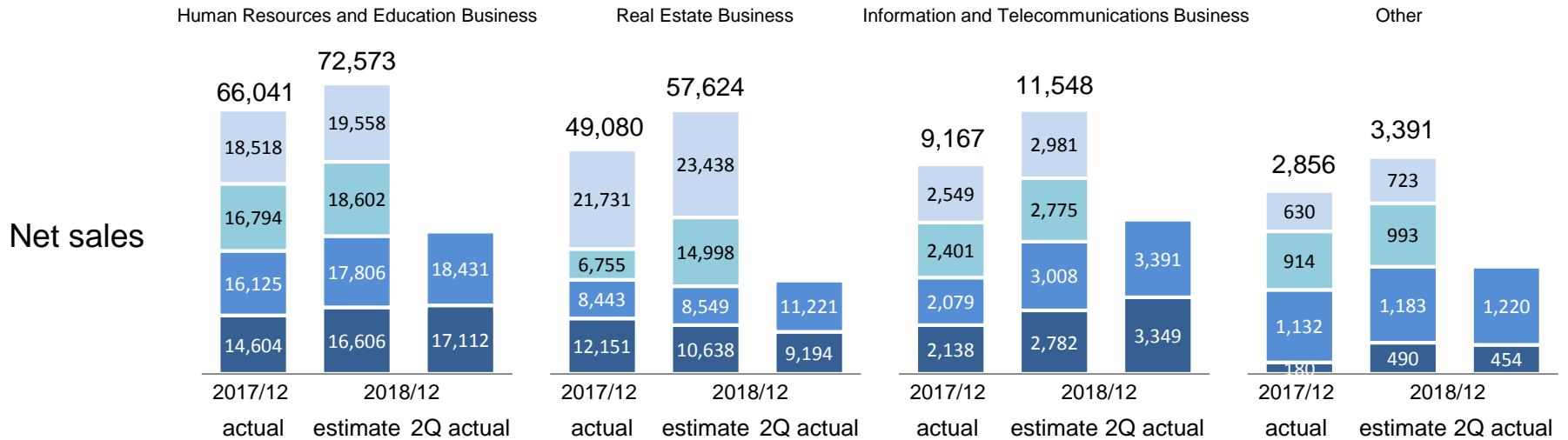
| Unit: Million yen, % | | | Results for the term ended Dec. 2017 | (Profit margin) | Forecast for the term ending Dec. 2018 | (Profit margin) | YOY | | |
|---|---|--------------------------|--------------------------------------|-----------------|--|-----------------|--------|-------------|------|
| | | | | | | | 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 | |

Quarterly Business Forecast (Overall)

- 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.



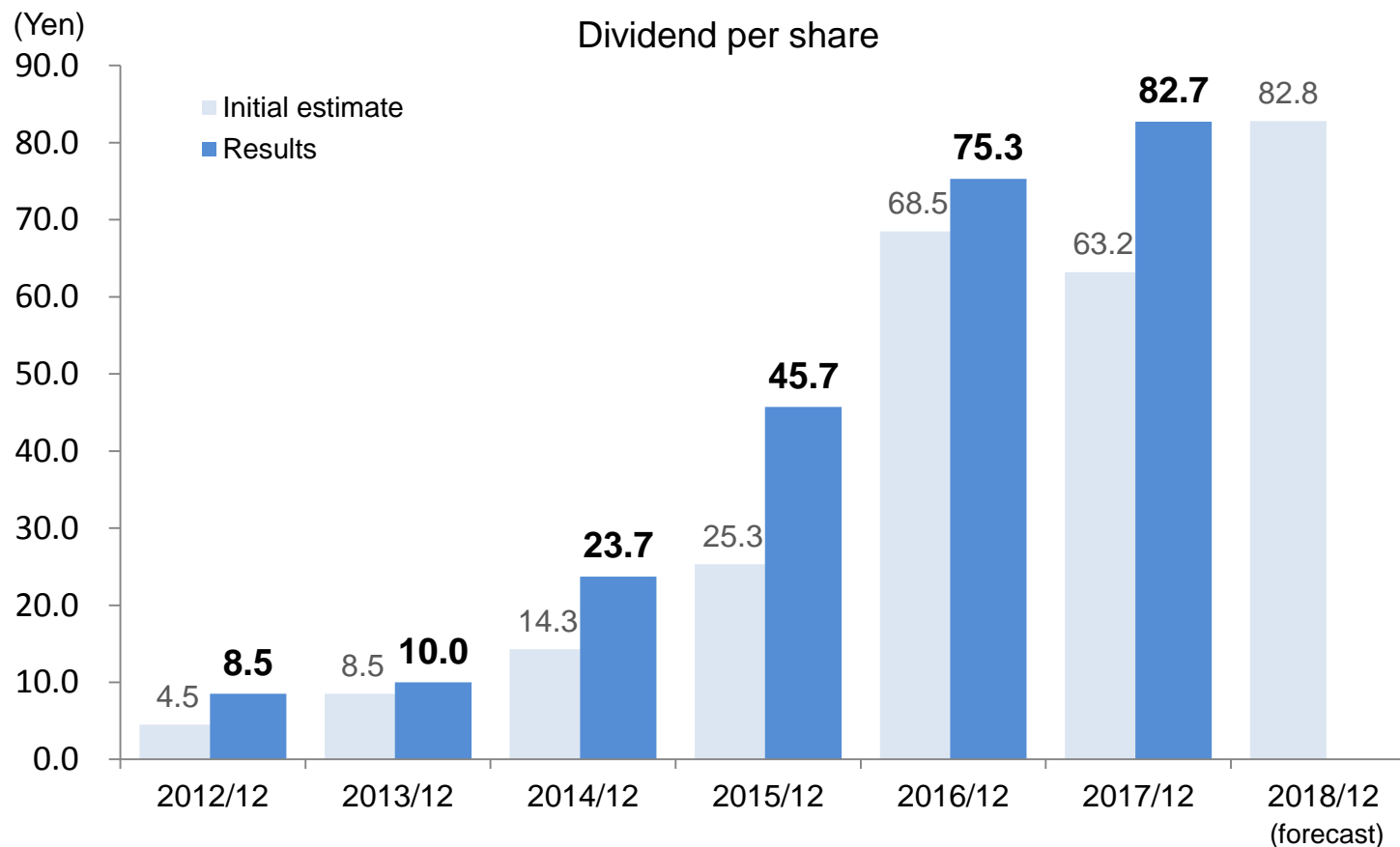
Quarterly Business Forecast (Segments)



1Q 2Q 3Q 4Q

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.

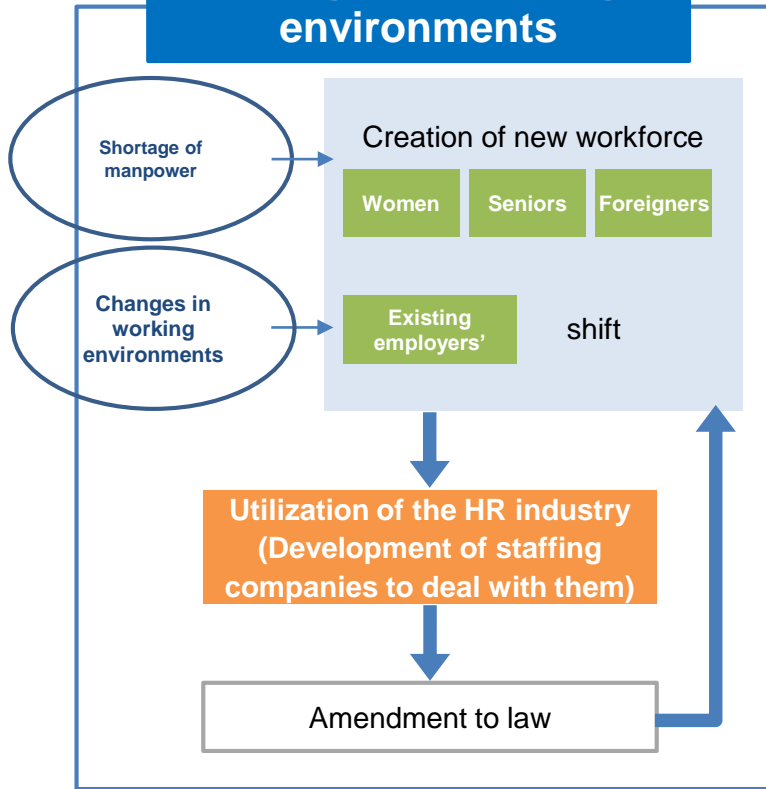
III. Future Industry Environment and Our Approaches



Future Industry Environment of the Human Resources and Education Business

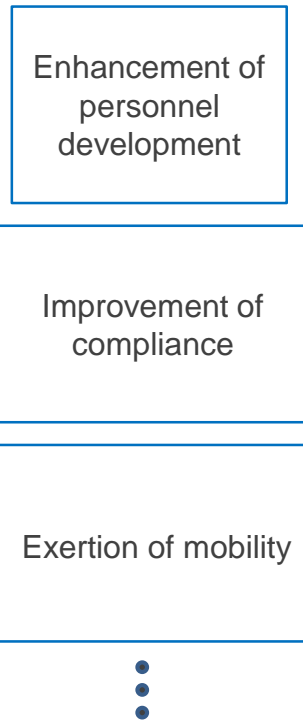
External environment

Changes in working environments



Industry trend

Differentiation of each company



Our strategies

Capability of attracting workers

One-stop service

Broad domain in which workers can choose their way of working



Capability of gathering workers

Personnel development

Environment of relearning

Future Activities for the Human Resources and Education Business (1)

Provision of an environment where everyone can work and relearn

Personnel development process
(Establishment of a human resources platform)

Career development

HR platform

Advanced technical skills
High income

Stable employment environment

To support workers in “relearning” and provide them with an environment where they can work for a long period of time

Improvement of skills

Enriched personnel development program

Capability of attracting workers

A wide array of choices

R&D

Techno

SI

FC

Staffing

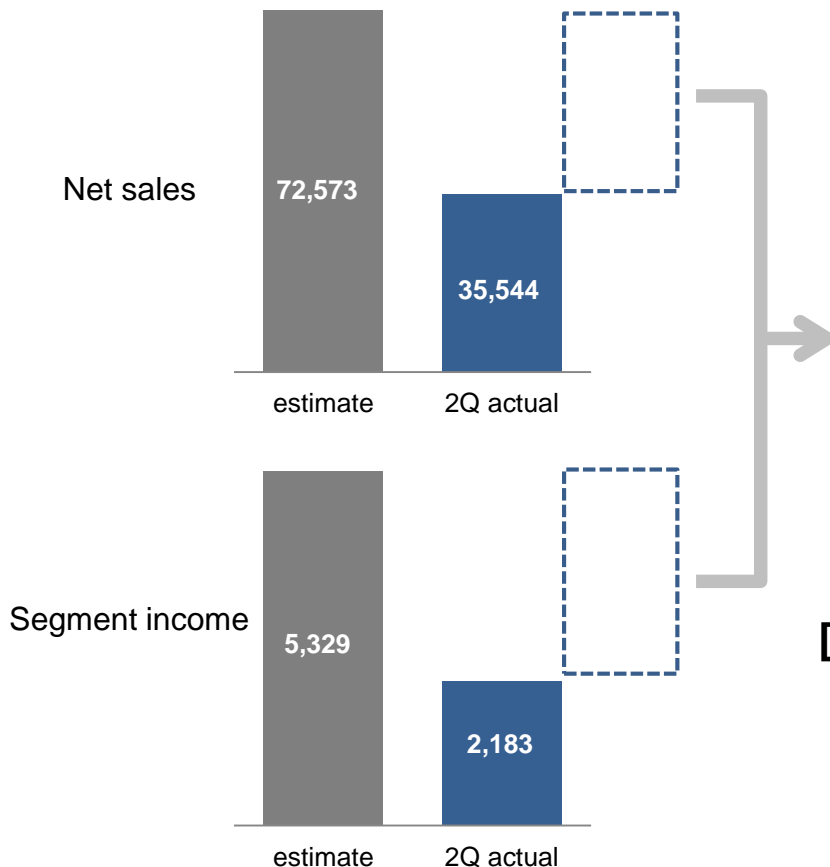
Creation of a new population

Capability of gathering workers

Brand development

Future Activities for the Human Resources and Education Business (2)

To improve the value of individuals and jobs



[For results in 2018]

- To gain 2,000 new workers in the second half (No. of workers rose 1,900 in the first half)
- Increase of return from upfront investment
 - To assign personnel to more advanced fields through training, aiming for further growth of our company
 - To start operating new distribution centers steadily
 - To steadily dispatch personnel who have been recruited earlier

[For the future]

- Further pursuit of the “capability of attracting workers” and the “capability of gathering workers”

Future Industry Environment of the Real Estate Business

External environment

Negative opinions are dominant

Concern over the peaking out of demand
Continuous rise in land prices,
construction costs, etc.



A lot of positive factors

Population of central Tokyo ↗

Demand for accommodation for
foreign sightseers ↗

Deteriorated buildings ↗ Rebuilding/
renovation ↗

Necessity of facilities for
seniors ↗

Uncertainties

Problem of greenery area for production in 2022

Easing of regulations (foreign interns)

Industry trend

To increase the number of houses
delivered in a short term,
while it is difficult to predict the future
trend

Our strategies

Further expansion of our
business
domain and target region



More precise marketing
based on integrated information



To predict a turning point,
and conduct procurement and
development with timely
judgment

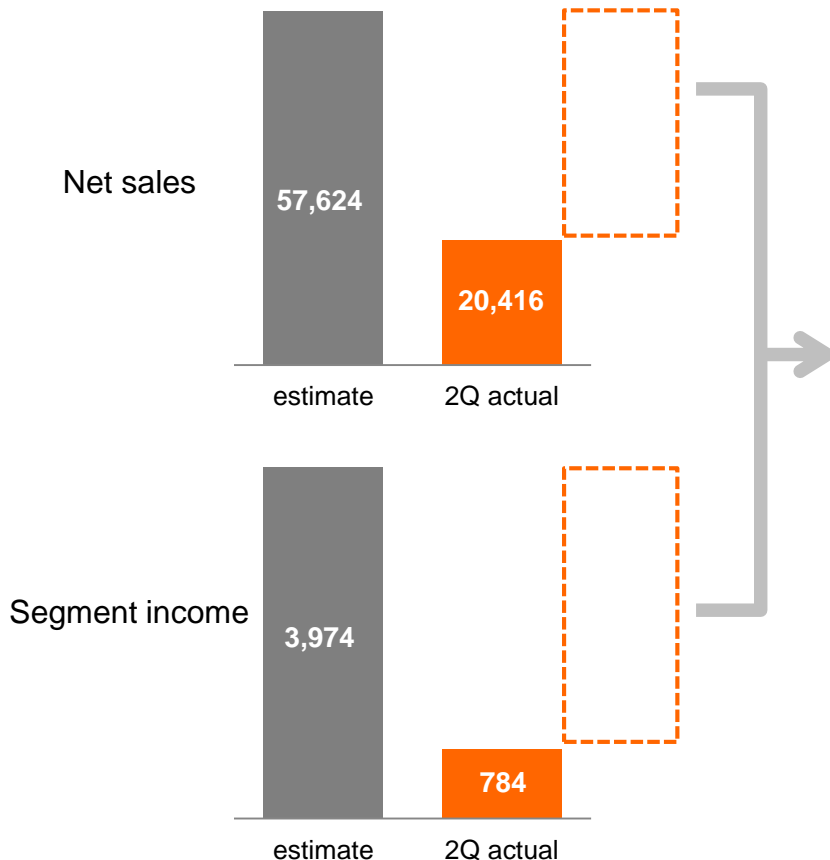
Pursuit of synergy
in the entire group



Flexible response to the
changes
in the external environment

Future Activities for the Real Estate Business

To determine timings and pursue the synergy in the entire group



[For results in 2018]

● **Steady delivery of real estate**

Development-related

Net sales ⇒ Already signed about 60% of contracts in the annual plan

[For the future]

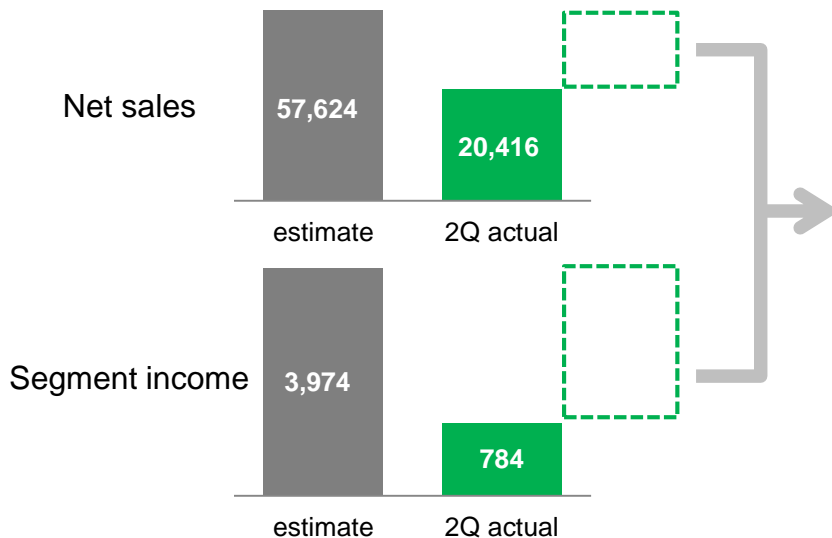
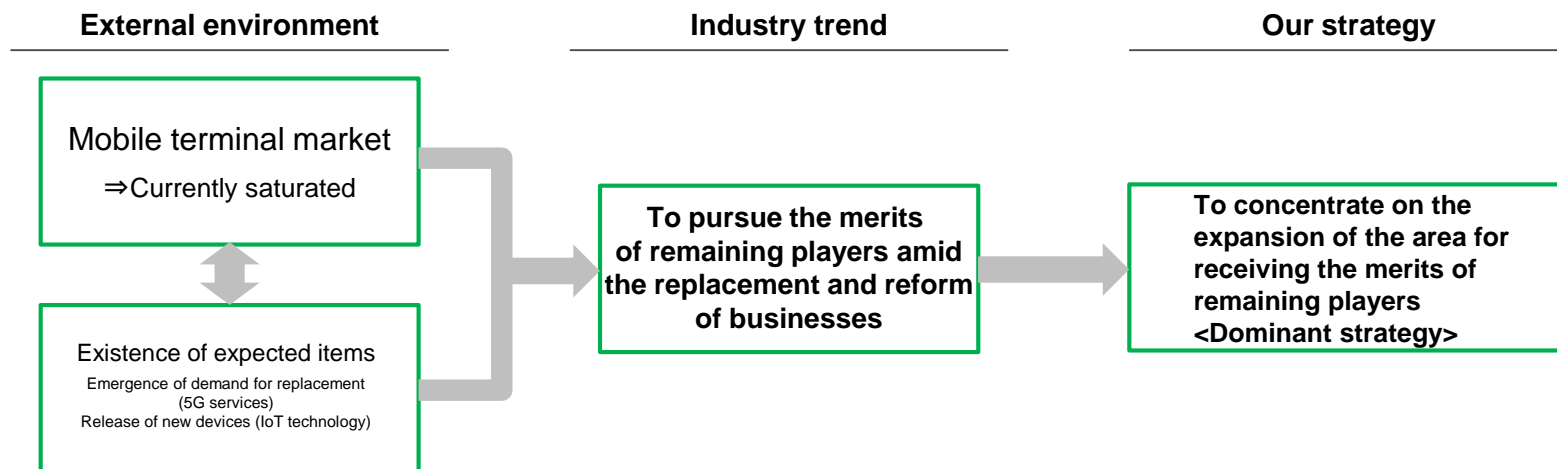
● **Further precise marketing**

⇒ To determine the timings of procurement and sale

● **Further expansion of business domain and region**

⇒ Stable growth hedging risks

Industry Environment of the Information and Telecommunications Business, and for Results in 2018



[For results in 2018]

- Establishment of a network of excellent shops
- Efficient accumulation of stocks

[For the future]

- Services targeted at corporations
- Enrichment of new products, area expansion, etc.

Topics

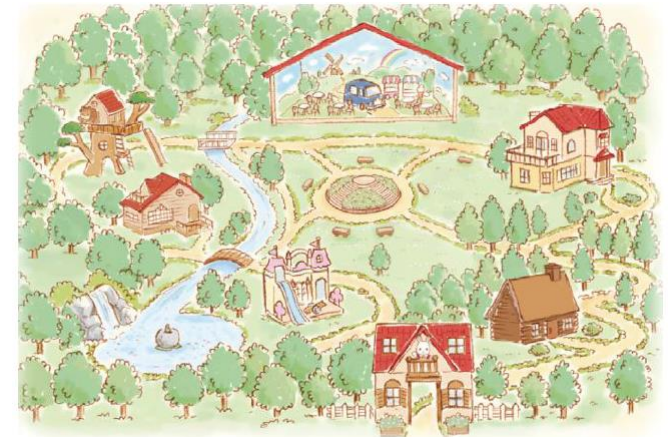
In June 2018, we opened “Sylvanian Park” in Comorebi Morino Ibaraido, which is operated by FARM Co., Ltd., in Inashiki City, Ibaraki Prefecture in cooperation with Epoch Co., Ltd.

Objective

To upgrade the facilities for the summer season

- An outdoor theme park reproducing the Sylvanian Village in an area of about 3,320m². Inside the park, the “Sparkling Lake” and the “Babbling River,” which symbolize the Sylvanian Village, are depicted.
- Visitors can wear the outfits of some popular characters.
- There are various programs, as experience-based events vary according to month and season.
- Special products are available.

Doll available in only Sylvanian Park
(released on July 14)



Sparkling Lake and Babbling River



Big house of the red roof



Bustling tree house
Family cottage

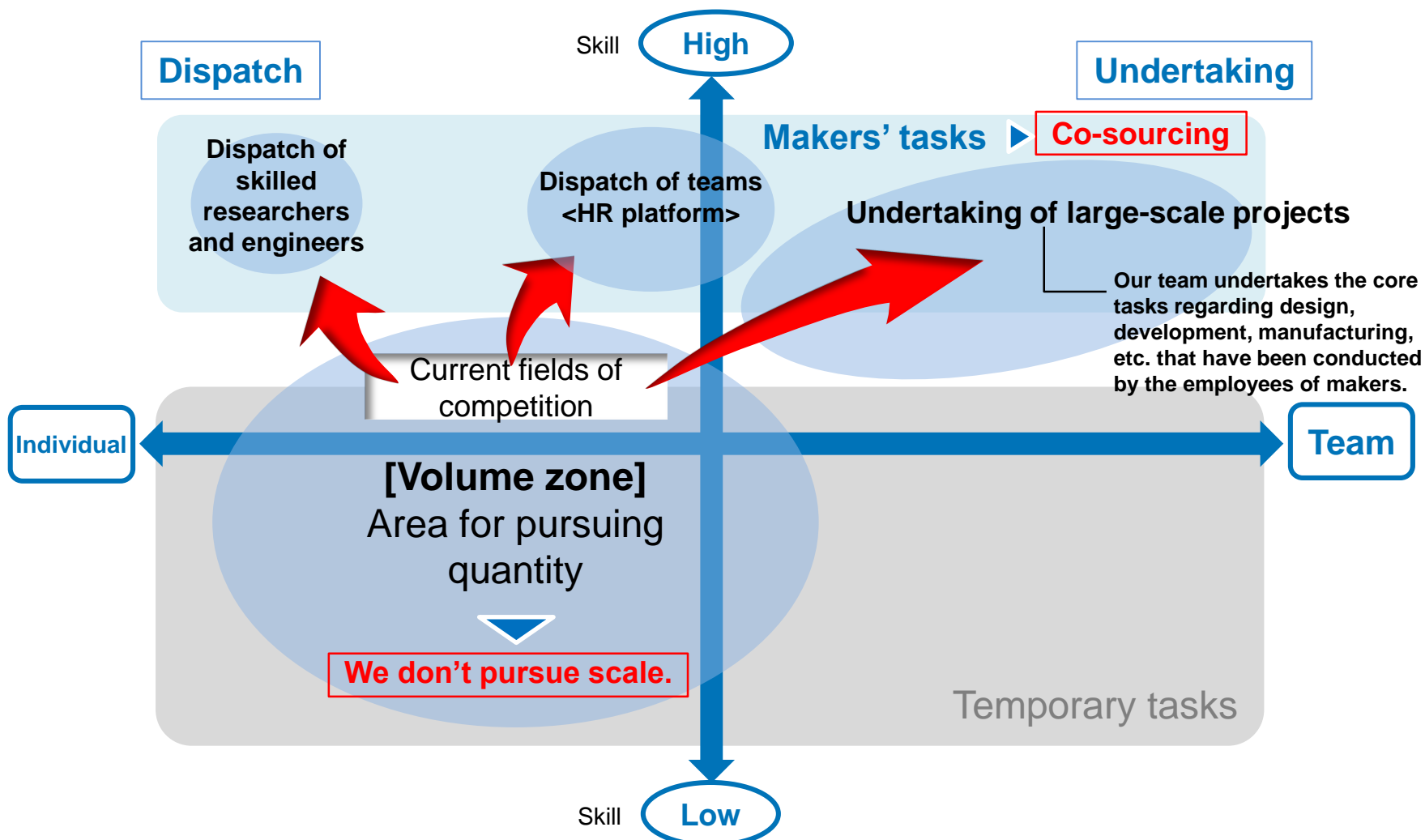
Appendix



Human Resources and Education Business

~ Ideal State to Achieve by Fiscal 2021

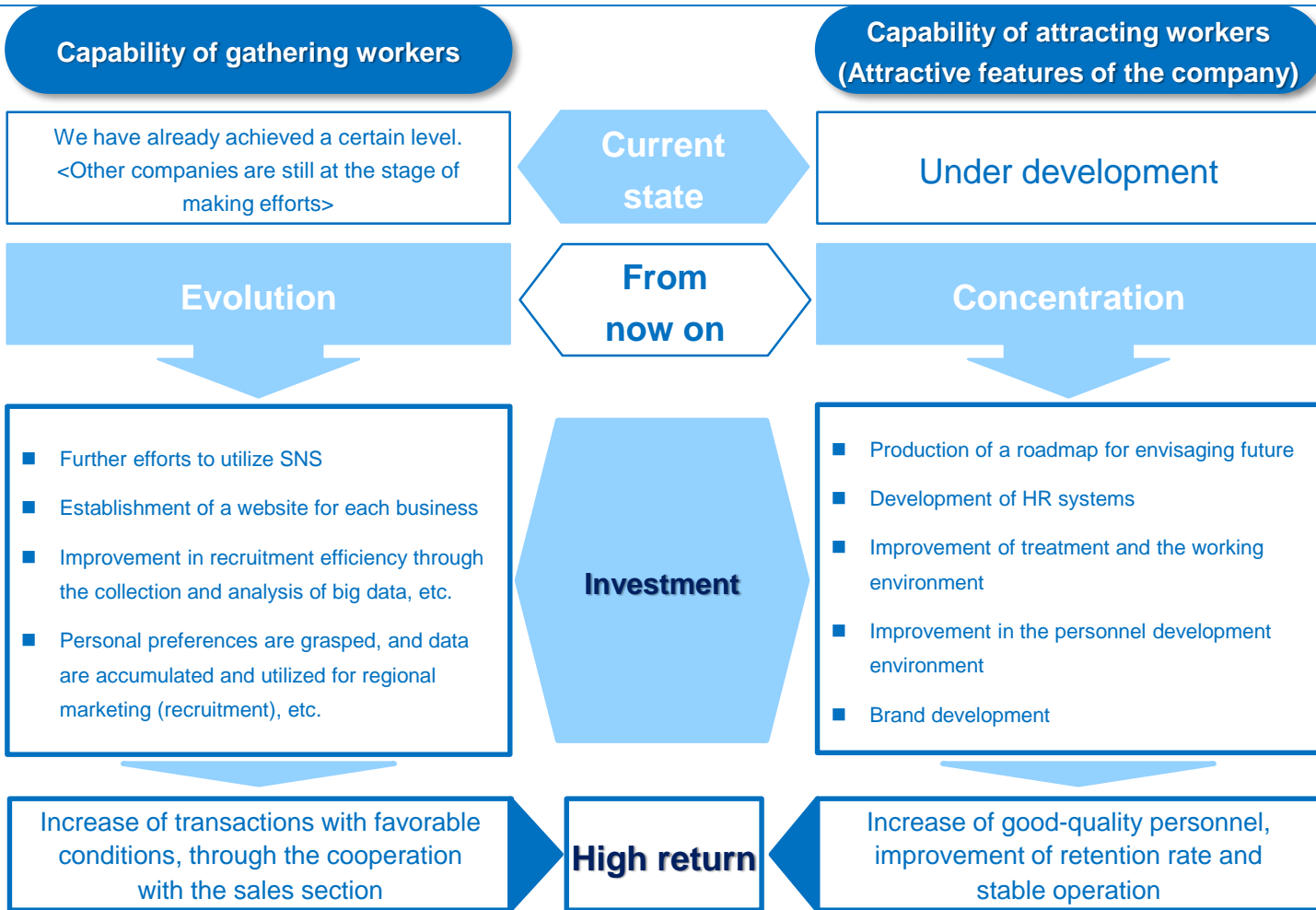
Our original position & high earning capability



Human Resources and Education Business

~ Focus on “the Capability of Attracting Workers”

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



Real Estate Business

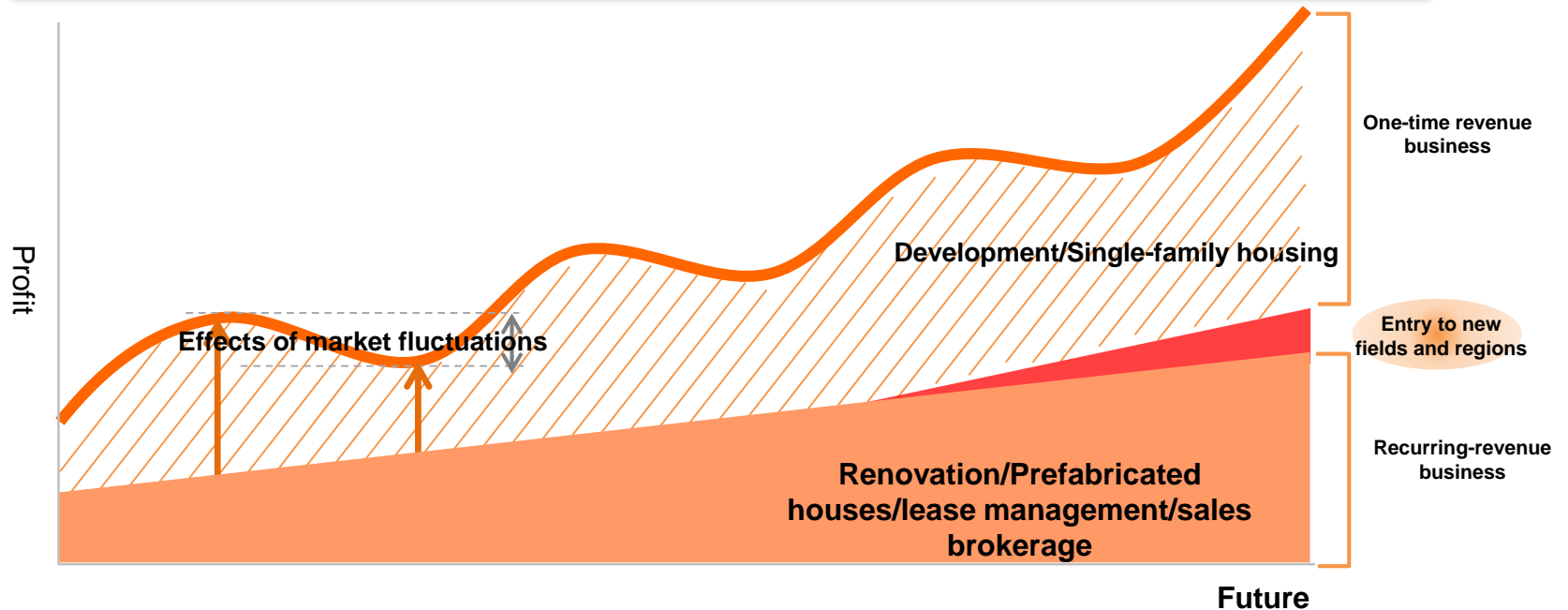
~ Ideal State to Achieve by Fiscal 2021

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.

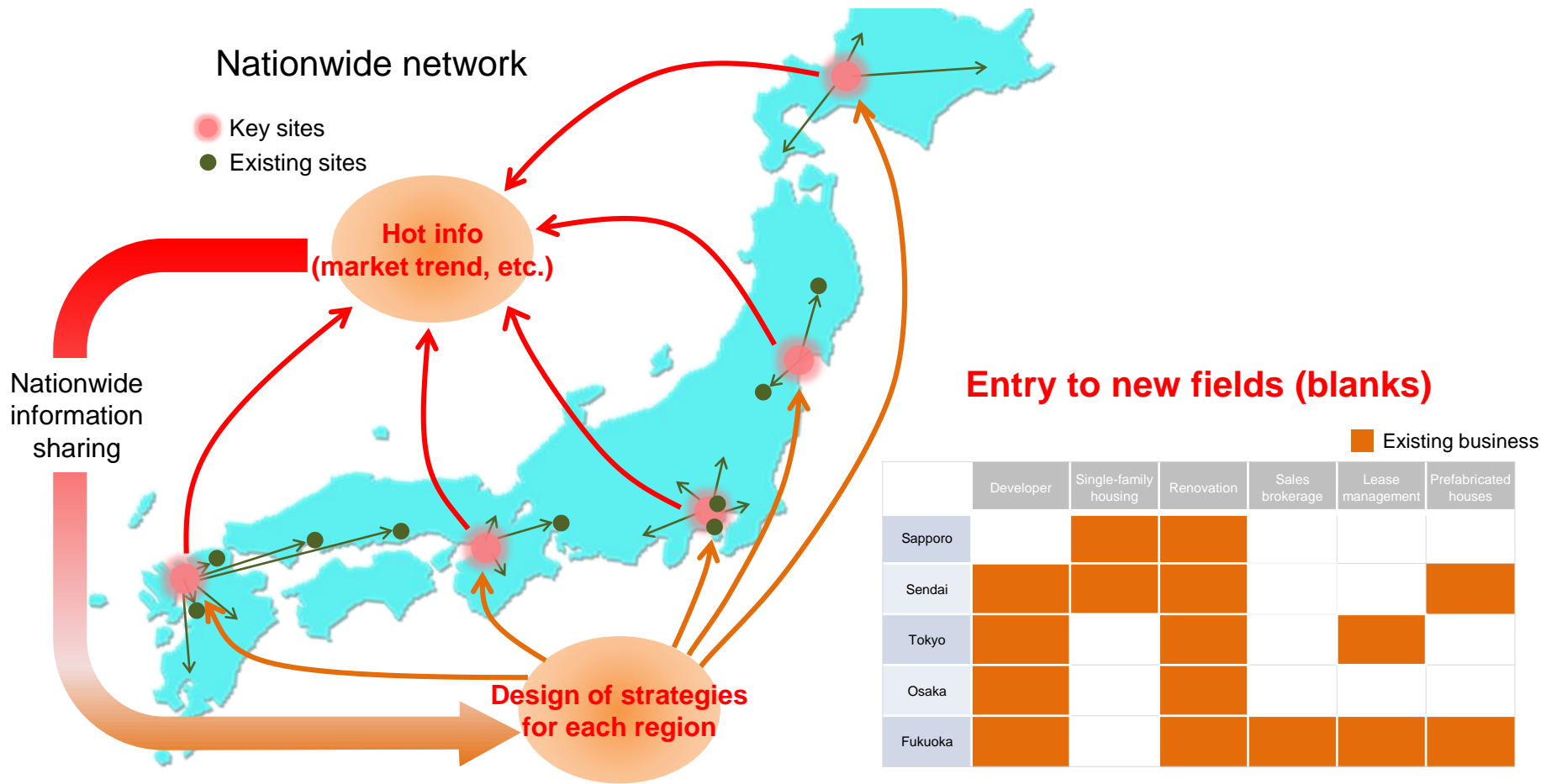
Ideal profit structure



Real Estate Business

~Timely Execution of Strategies by Integrating Information

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



For More Information

Norio Nishihara

Public Relations and Investor Relations Department

Corporate Planning Division

WORLD HOLDINGS CO., LTD.

TEL: 03-3433-6005

E-MAIL: irinfo@world-hd.co.jp

URL: <http://www.world-hd.co.jp/>

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