# FY2016 Third Quarter Financial Results

November 7, 2016 (Mon.) WORLD HOLDINGS CO., LTD. First Section of Tokyo Stock Exchange (2429)





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I . Summary of FY2016 Third Quarter Financial Results



# Strategies and Activities in Each Business Segment



### Human Resources and Education Business

To expand our business domain in various fields

Good results in the logistics and repair fields

To expand our business through M&A

Reorganization of Nikken Techno Co., Ltd. and Noritz Taiwan Co., Ltd. into subsidiaries

To increase the employment of personnel with various ambitions

Establishment of a job-placement office for women

To increase cooperative enterprises

Progressed in the logistics field

To systematize career development

Development of career plans for each segment

#### Real Estate Business

#### <Development>

Upfront acquisition of promising land, adjustment of rights, and sale of land lots we developed/for expensive property

Steady procurement of land while land prices are skyrocketing

#### <Renovation>

To promote the procurement at reasonable prices by utilizing our experience in each region

Steady procurement at a higher pace than the estimated

Sale as well as rental is healthy.

# Information and Telecommunications Business

To enrich in-store services

Continued training of store staff

To expand the network of stores

To open 2 new stores and 1 relocated store

To increase products we handle (Primary products)

To cultivate new products for corporations



# Third Quarter Summary



- Sales were almost the same as those for the same period in the previous fiscal year due to the difference in budget allocation for Real Estate Business, while operating and ordinary income grew considerably on the back of the favorable performance of Real Estate Business.
- Thanks to Real Estate Business, the progress rates of operating and ordinary income toward the full-year budget have already exceeded 100%.

Unit: Million yen, %

	FY2015/3Q actual	FY2016/3Q actual	YOY Change Ptc. Change		Full-year budget*	Ratio to full- year budget	
Net sales	69,736	69,675	△60	△0.1	100,111	69.6	
Operating income	4,943	6,506	1,562	31.6	6,275	103.7	
Ordinary income	4,912	6,454	1,541	31.4	6,153	104.9	
Net income attributable to owners of parent	3,556	3,678	121	3.4	3,814	96.4	

\*Announced on February 3, 2016



# Sales by Business Segment for 3Q



- Human Resources and Education Business was healthy due to the synergy with other segments in the logistics field.
- Real Estate Business contributed significantly to the increase in operating income, as the handover of real estate progressed steadily.
- The profitability of Information and Telecommunications Business improved, thanks to the efforts for making store operation more efficient, which have been made since the previous fiscal year.

	Unit: Million yen, %		FY2015/3Q actual	(Profit margin)	FY2016/3Q actual	(Profit margin)	Yo Change	Y Pct. change	Full-year budget*	(Profit margin)	Ratio to full- year budget
Human Resources and Education Business	Factory Business	Net sales	19,860		21,623		1,762	8.9	32,571		66.4
		Segment income	1,324	(6.7%)	1,539	(7.1%)	215	16.2	2,316	(7.1%)	66.5
	Technology Business	Net sales	7,075		7,437		361	5.1	10,669		69.7
		Segment income	775	(11.0%)	772	(10.4%)	∆2	∆ 0.3	952	(8.9%)	81.1
	R&D Business	Net sales	3,442		4,022		580	16.9	5,650		71.2
		Segment income	362	(10.5%)	361	(9.0%)	∆1	∆0.4	565	(10.0%)	63.9
	Sales & Marketing Business	Net sales	2,762		4,021		1,259	45.6	5,525		72.8
		Segment income	153	(5.6%)	236	(5.9%)	83	54.3	296	(5.4%)	79.7
	Others	Net sales	344		350		5	1.7	547		64.0
		Segment income	12	(3.6%)	12	(3.7%)	0	3.8	26	(4.8%)	46.2
	Total (reference)	Net sales	33,485		37,455		3,969	11.9	54,963		68.1
		Segment income	2,628	(7.8%)	2,923	(7.8%)	295	11.2	4,157	(7.6%)	70.3
Real Estate Business	Real Estate Business	Net sales	27,535		26,422		∆1,113	△ 4.0	37,092		71.2
Real Estate Business		Segment income	3,412	(12.4%)	4,999	(18.9%)	1,587	46.5	3,921	(10.6%)	127.5
Information and Telecommunications	Information and Telecommunications	Net sales	8,714		5,796		∆2,917	∆ 33.5	8,056		71.9
Business	Business	Segment income	∆47	( _ )	164	(2.8%)	211	_	200	(2.5%)	82.0
	Total	Net sales	69,736		69,675		∆60	△ 0.1	100,111		69.6
		Elimination or corporate	∆1,049		∆1,581				∆2,003		
		Operating income	4,943	(7.1%)	6,506	(9.3%)	1,562	31.6	6,275	(6.3%)	103.7

\*Announced on February 3, 2016



## Progress of Each Segment with Respect to the Budget

## (1) Human Resources and Education Business

Sales were affected by the Kumamoto Earthquake, but the income in each segment was healthy as planned.



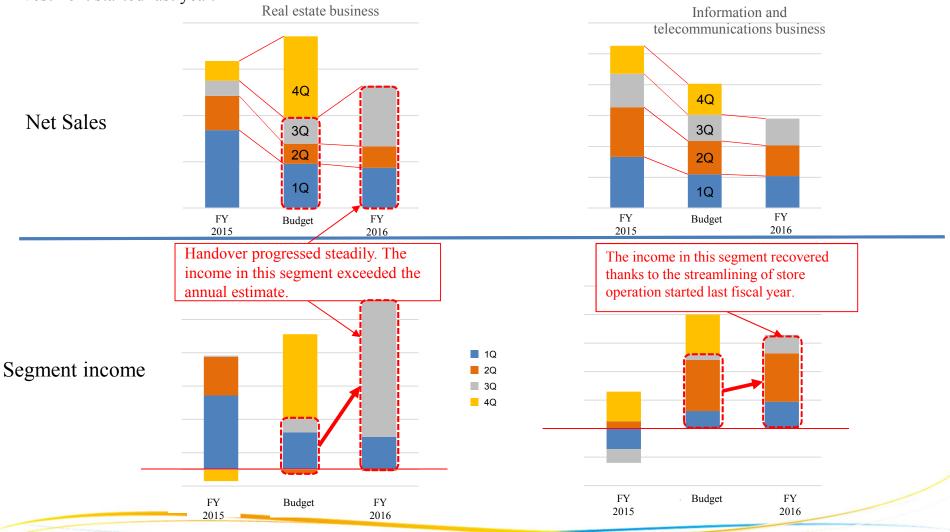


## Progress of Each Segment with Respect to the Budget



## (2) Real Estate and Information and Telecommunications Businesses

As for Real Estate Business, handover progressed steadily. The income in this segment exceeded the estimate significantly. As for Information and Telecommunications Business, the income in this segment recovered thanks to the business investment started last year.

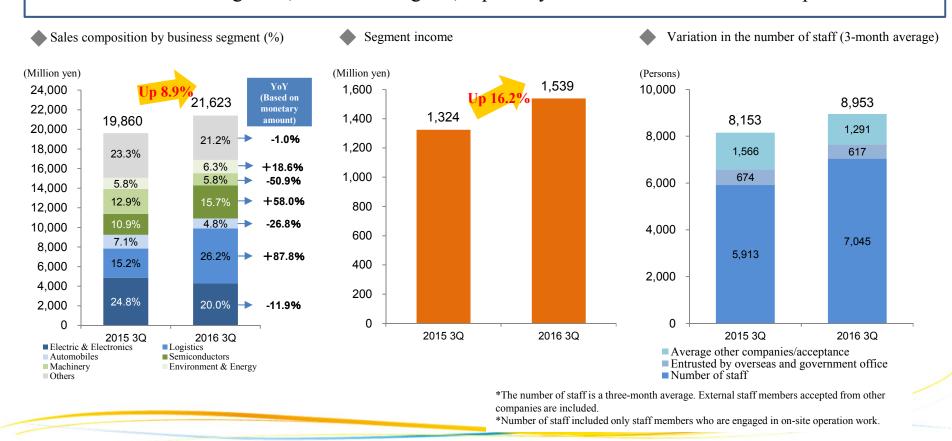


# **Factory Business**

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- In the logistics field, our cooperative systems established with other sectors and cooperative companies functioned, swiftly meeting the rapidly growing needs for the increase of manpower. This contributed to the significant growth of our business.
- In the manufacturing field, our business grew, especially for semiconductors for smartphones.

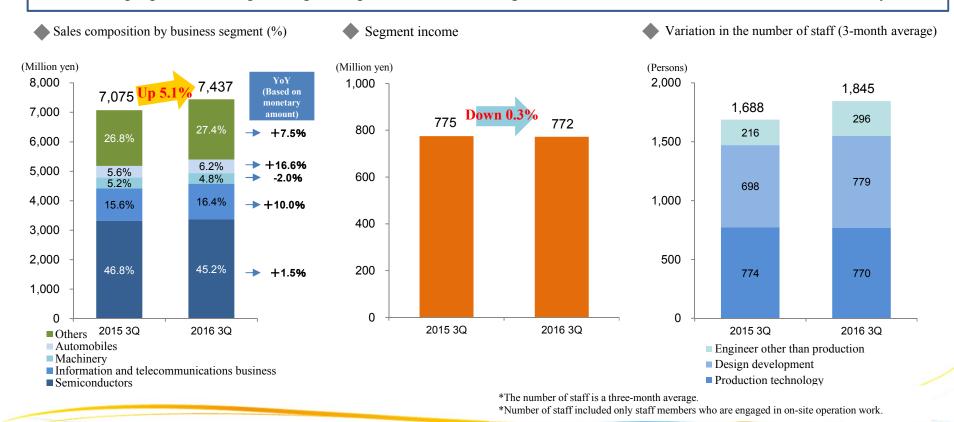




# **Technology Business**



- In the fields of information and telecommunications business and automobiles, the deployment of training staff at Design Center in which we invested this term progressed steadily.
- In the construction section, the know-how of facility management was applied to the logistics field, and our business domain expanded.
- For the purpose of strengthening the repair section, we reorganized Nikken Techno Co., Ltd. into a subsidiary.



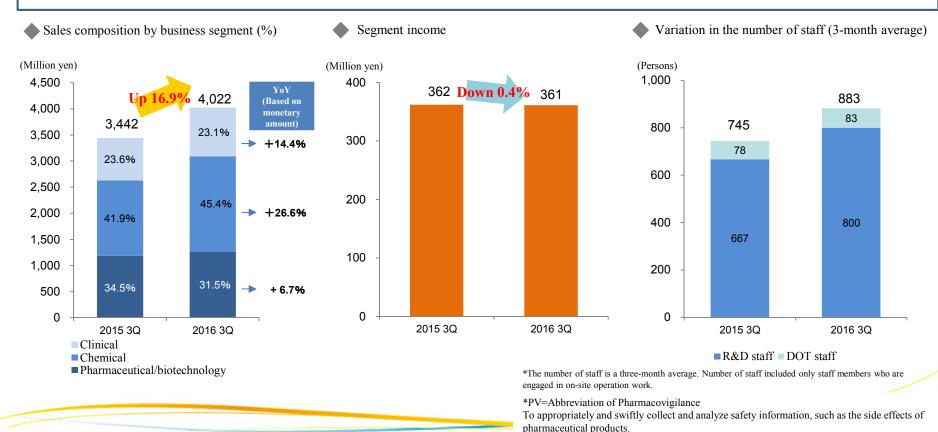


## **R&D** Business

**WORLD HOLDINGS** 



- Sales were healthy, as the number of orders from the makers of medical apparatus and generic medicines increased.
- 30 new graduates to be employed in Oct. through a recruiting organization, which has been in operation since last year.
- DOT International Co,. Ltd. invested mainly in personnel development, and strengthened its capability of dealing with large-scale transactions.

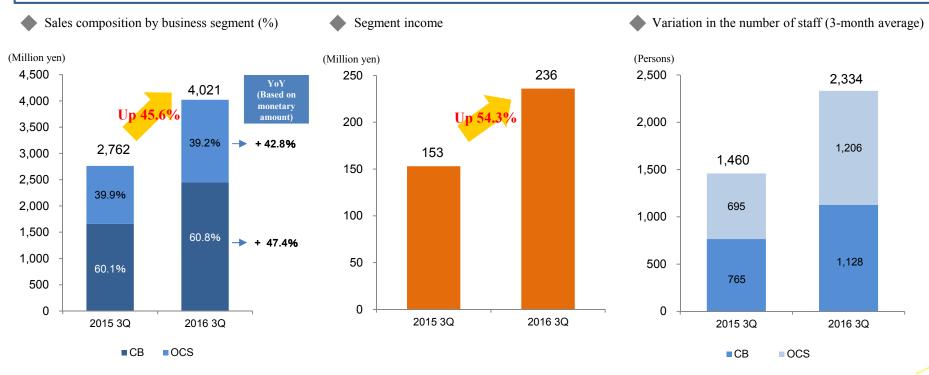




# Sales & Marketing Business



- CB (Dispatch of sales staff) expanded considerably, as we concentrated on the direct transactions with department stores and mass retailers.
- OCS (Dispatch of operators for call centers, etc.) grew significantly, due to the expansion of existing business through the firm relations with leading vendors and the synergy with the logistics field.



<sup>\*</sup>The number of staff is a three-month average.



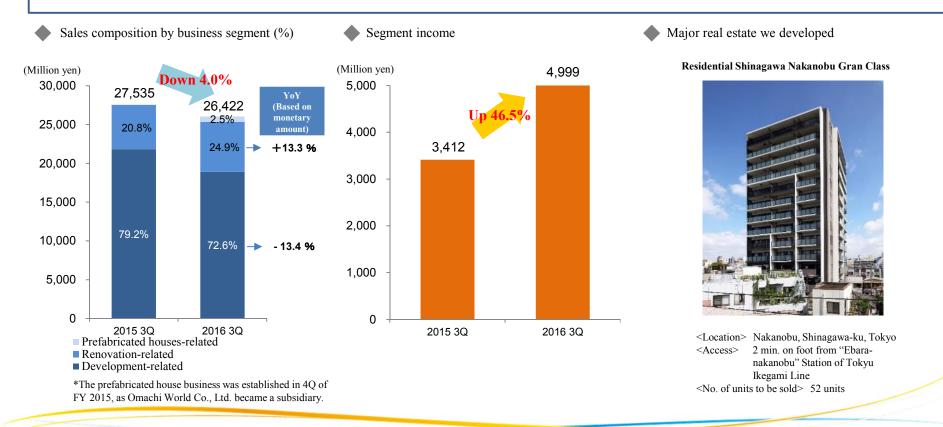
<sup>\*</sup>Number of staff included only staff members who are engaged in on-site operation work.

## Real Estate Business



## <Sales composition by business segment and major real estate we developed>

- Development-related: Handover progressed steadily, and contributed significantly to the increase of income in this segment.
- Renovation-related: As procurement was healthy in the previous term, sales exceeded the estimate.
- Prefabricated houses-related: Transactions with major clients progressed healthily.



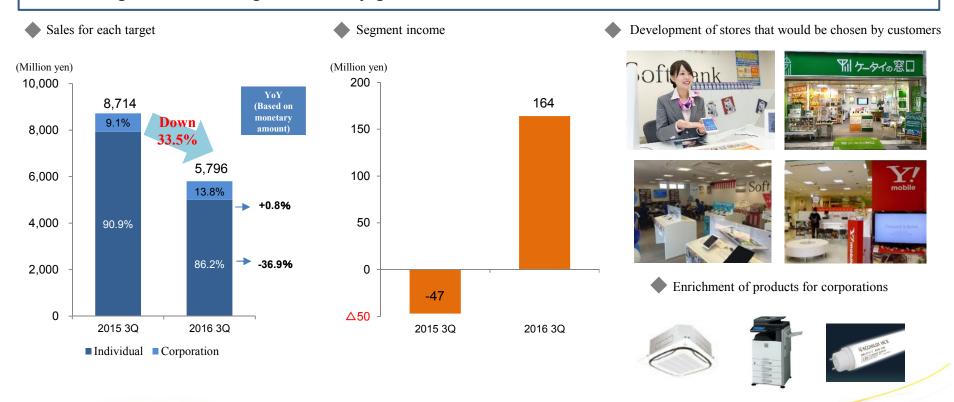


## Information and Telecommunications Business



## <Variations in sales and the number of stores>

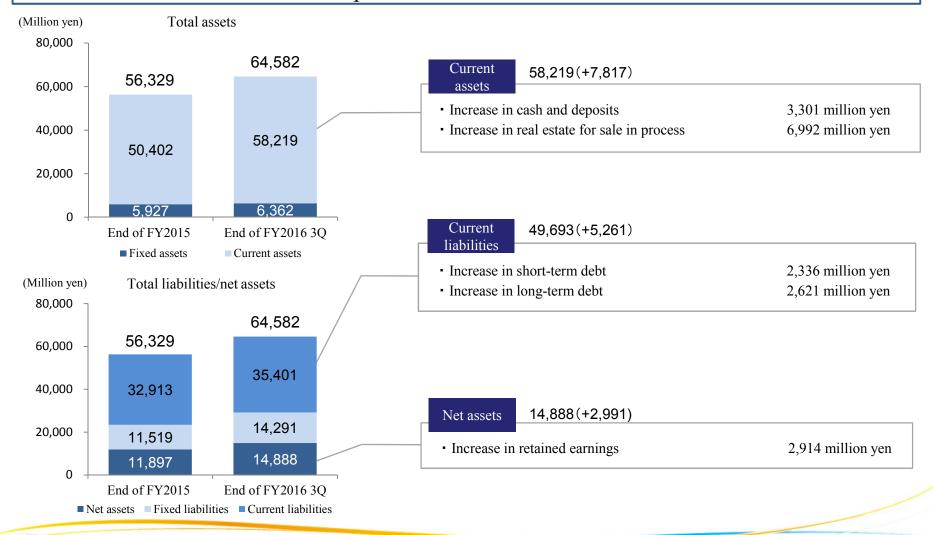
- We enhanced the sale of related products to meet the needs of customers, increasing revenue per customer.
- The streamlining of store operation, which was started in the previous fiscal year, led to the improvement of productivity per staff member and the reduction of fixed assets.



## Financial Condition B/S



• In Real Estate Business, we enhanced the procurement of land for business, and increased real estate for sale in process.







## II. FY2016 Business Forecasts



# Summary of FY2016 Business Forecast



• It is estimated that sales will grow for the 7<sup>th</sup> consecutive term and profit will increase for the 6<sup>th</sup> consecutive term, marking record highs.

	FY2015 actual	FY2016 budget*	Change from forecast		
Unit: Million yen, %	1 1 <b>2</b> 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		Change	Pct. change	
Net sales	87,984	100,111	12,127	13.8	
Operating income	5,137	6,275	1,138	22.2	
Ordinary income	5,133	6,153	1,019	19. 9	
Net income attributable to owners of parent	3,810	3,814	3	0.1	
EPS (yen)	228.05	228.27	0.2	0.1	
Dividend per share (yen)	45.7	68.5	22.8	49.9	

\*Announced on February 3, 2016



# Business Forecast by Segment



• All of the 3 core businesses are estimated to increase profit.

	Unit: Million yen, %	FY2015 act	FY2015 actual	(Profit	FY2016 budget*	(Profit margin)	Change from forecast	
	<b>.</b>			margin)	Ç		Change	Pct. change
Human Resources	Factory Business	Net sales	26,910		32,571		5,661	21.0
	ractory Business	Segment income	1,801	(6.7%)	2,316	(7.1%)	515	28.6
	Technology Business	Net sales	9,547		10,669		1,121	11.7
		Segment income	989	(10.4%)	952	(8.9%)	∆36	△ 3.7
	R&D Business	Net sales	4,755		5,650		894	18.8
		Segment income	518	(10.9%)	565	(10.0%)	47	9.1
Business	Sales & Marketing Business	Net sales	3,972		5,525		1,552	39.1
		Segment income	218	(5.5%)	296	(5.4%)	77	35.5
	Others	Net sales	491		547		56	11.4
		Segment income	15	(3.2%)	26	(4.8%)	10	70.3
	Total (reference)	Net sales	45,677		54,963		9,286	20.3
Total (reference)		Segment income	3,543	(7.8%)	4,157	(7.6%)	614	17.3
Real Estate	Real Estate Real Estate Business	Net sales	31,785		37,092		5,307	16.7
Business	Real Estate Business	Segment income	3,061	(9.6%)	3,921	(10.6%)	860	28.1
Information and Telecommunications	Information and Telecommunications Business	Net sales	10,522		8,056		∆2,466	△ 23.4
Business		Segment income	4	(0.0%)	200	(2.5%)	195	4,054.5
		Net sales	87,984		100,111		12,127	13.8
	Total	Elimination or corporate	∆1,472		∆2,003		( — )	( — )
		Operating income	5,137	(5.8%)	6,275	(6.3%)	1,138	22.2

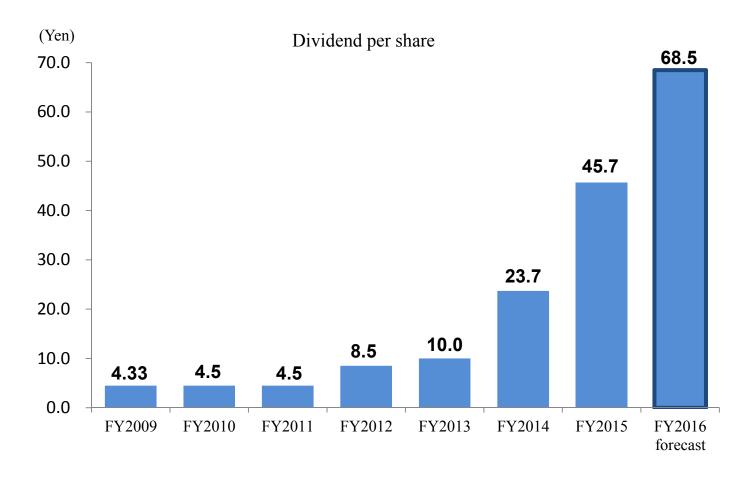
<sup>\*</sup>Announced on February 3, 2016



## Shareholder Returns



# From fiscal 2016, we aim to achieve a payout ratio of 30%.



<sup>\*</sup>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.



## For More Information



**Shohei Shigematsu** 

**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 <a href="http://www.world-hd.co.jp/">http://www.world-hd.co.jp/</a>

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