

FY2016 First Quarter Financial Results



May 9, 2016 (Mon.)

WORLD HOLDINGS CO., LTD.

Second Section of Tokyo Stock Exchange (2429)

Intensive Measures in 2016 and Their Progress



Human resources and education business

Enhancement of recruitment capability

Expansion of the population of applicants ⇒ Joint briefing session involving all divisions

Improving retention rate of employees

Enrichment of educational systems ⇒ Production of training programs for career improvement

Job creation

Expansion of the business field ⇒ Diversification of employment channels in new fields

External cooperation

Promotion of collaborative business ⇒ Practical activities based on the alliance with the human resources department

Real estate business

Development-related

Implementation of business plans for newly built apartments, and allocation of residential and business lots with appropriate scales

Renovation-related

Performance is better than the forecast, thanks to the busy season (January to March) and favorable procurement.

Information and telecommunications business

Development of a network of excellent stores

Decrease of unprofitable stores, and development of highly hospitable personnel

New business

New business is being assessed.

Growth strategy based on M&A

M&A projects are being discussed in detail.



I . Summary of FY2016 First Quarter Financial Results

II . FY2016 Business Forecasts

I . Summary of FY2016 First Quarter Financial Results



First Quarter Summary



- Sales, operating income, ordinary income, and net income all progressed as planned.
- Especially, profits have been healthy, with their progress rates toward the full-year forecast exceeding 25%.
- Performance declined year on year, mainly because the sale of large-scale real estate in the real estate business was concentrated in 1Q of the previous term, but progress rates toward the full-year forecast are as planned.

Unit: Million yen, %

	FY2015/1Q actual	FY2016/1Q actual	YOY		Full-year forecast*	Ratio to full- year forecast
			Change	Pct. Change		
Net sales	31,212	22,726	-8,486	-27.2	100,111	22.7
Operating income	2,819	1,662	-1,157	-41.0	6,275	26.5
Ordinary income	2,803	1,637	-1,165	-41.6	6,153	26.6
Net income attributable to owners of parent	1,895	1,015	-880	-46.5	3,814	26.6

*Announced on February 3, 2016

Sales by Business Segment



- Sales grew in the human resources and education business.
- The performance of the real estate business declined by the amount that corresponded to the sale of large-scale real estate (land sale in lots) in the previous term.
- Progress rates toward the full-year forecast are as planned, catching up with business trends by each segment.

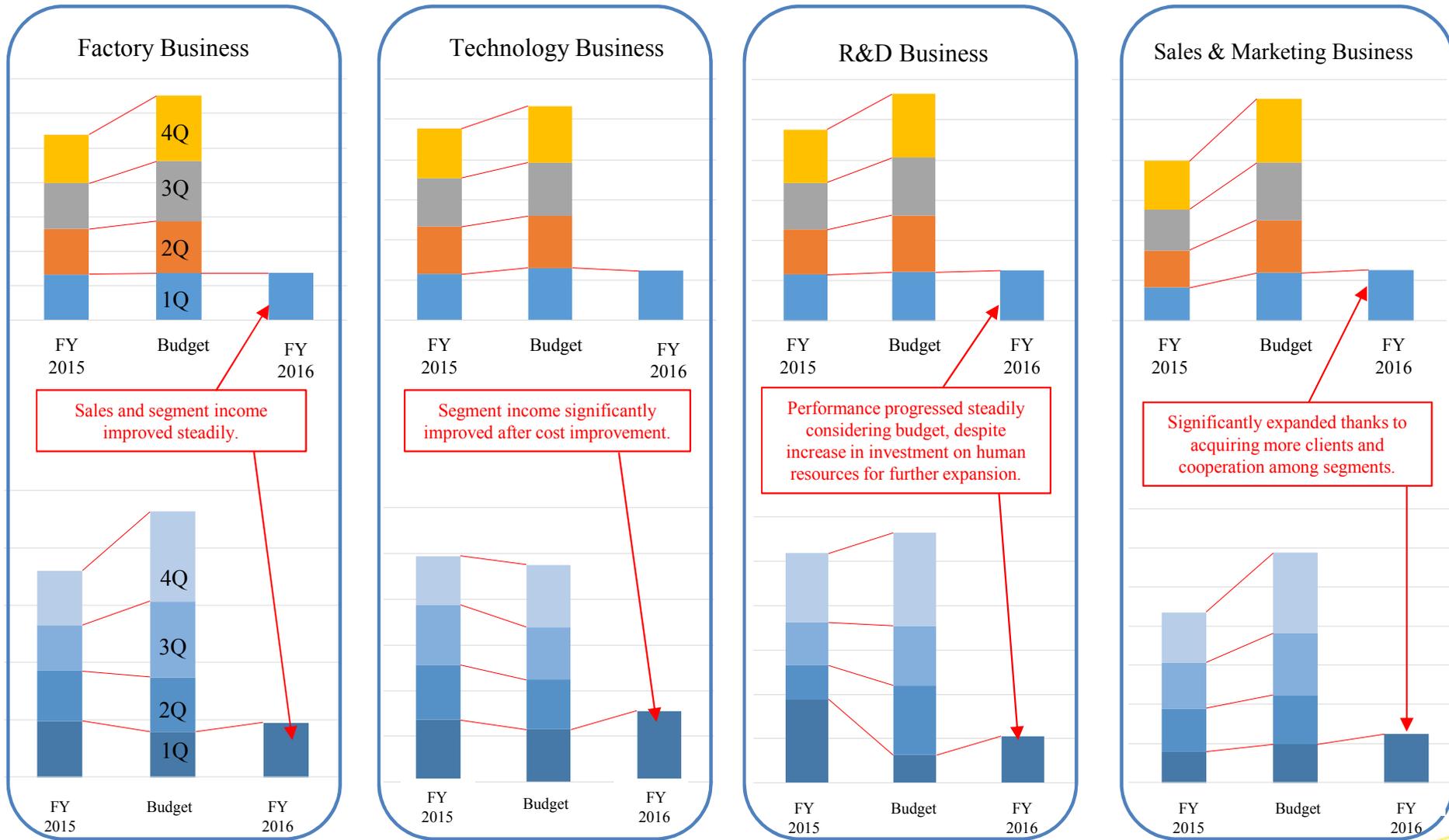
Unit: Million yen, %			FY2015/1Q actual	FY2016/1Q actual	YoY		Full-year forecast for 4Q of fiscal 2016*	Ratio to full-year forecast	
					Change	Pct. change			
Human Resources and Education Business	Factory Business	Net sales	6,649	6,825	176	3	32,571	21.0	
		Segment income	490	476	-13	-3	2,316	20.6	
		Profit margin	7.4%	7.0%	—	—	7.1%	—	
	Technology Business	Net sales	2,290	2,462	171	8	10,699	23.0	
		Segment income	271	311	40	15	952	32.7	
		Profit margin	11.8%	12.7%	—	—	8.9%	—	
	R&D Business	Net sales	1,151	1,248	97	8	5,650	22.1	
		Segment income	188	105	-83	-44	565	18.6	
		Profit margin	16.4%	8.4%	—	—	10.0%	—	
	Sales & Marketing Business	Net sales	823	1,255	432	53	5,525	22.7	
		Segment income	39	62	23	59	296	20.9	
		Profit margin	4.8%	5.0%	—	—	5.4%	—	
Others	Net sales	111	131	19	18	547	23.9		
	Segment income	3	5	1	30	26	19.2		
	Profit margin	3.6%	3.9%	—	—	4.8%	—		
Real Estate Business	Real Estate Business	Net sales	16,864	8,719	-8,145	-48	37,092	23.5	
	Segment income	2,215	979	-1,235	-56	3,921	25.0		
	Profit margin	13.1%	11.2%	—	—	10.6%	—		
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	3,320	2,082	-1,238	-37	8,056	25.8	
	Segment income	Δ35	47	82	—	200	23.5		
	Profit margin	—	2.3%	—	—	2.5%	—		
Total			Net sales	31,212	22,726	-8,486	-27	100,111	22.7
			Elimination or corporate	Δ353	-325	28	—	Δ2,003	—
			Operating income	2,819	1,662	-1,157	-41	6,275	26.5
			Operating margin	9.0%	7.3%	—	—	6.3%	—

*Announced on February 3, 2016

Human Resources and Education Business



The budgets have been allocated as planned among the major human resources business segments. Especially, segment income steadily increased by 30%.

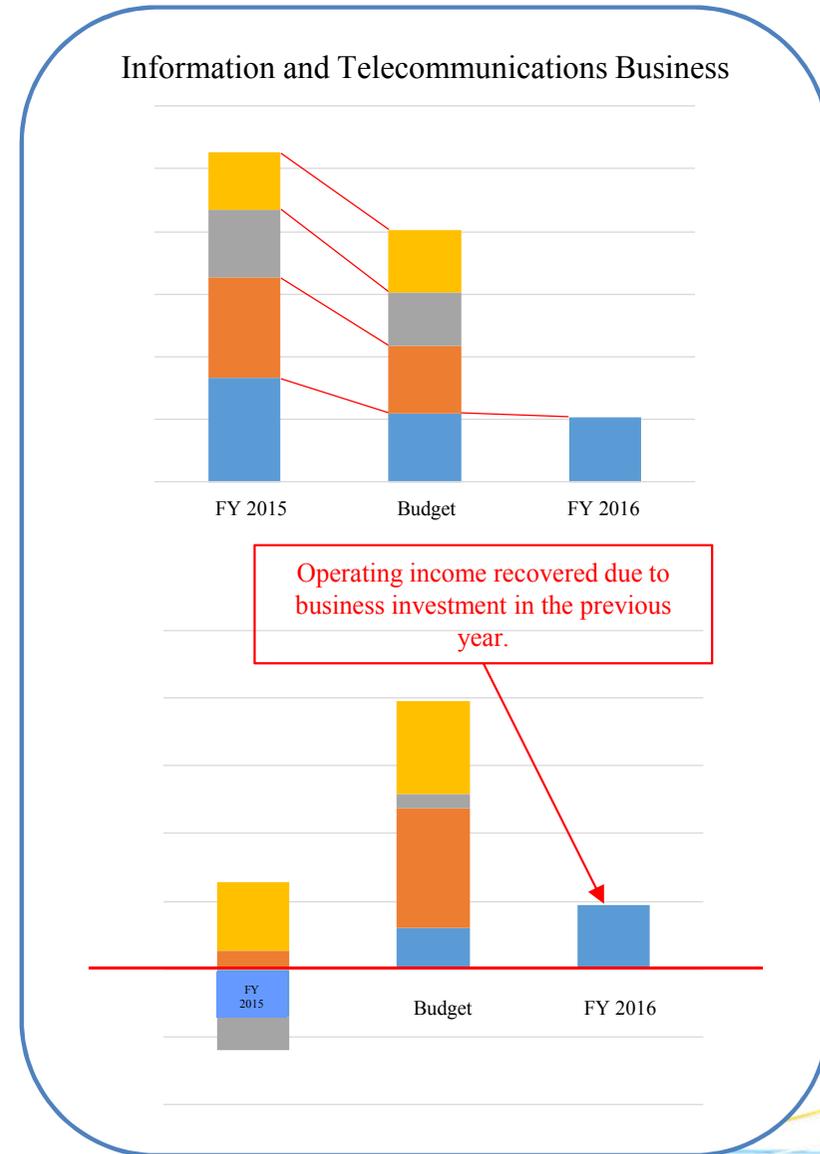
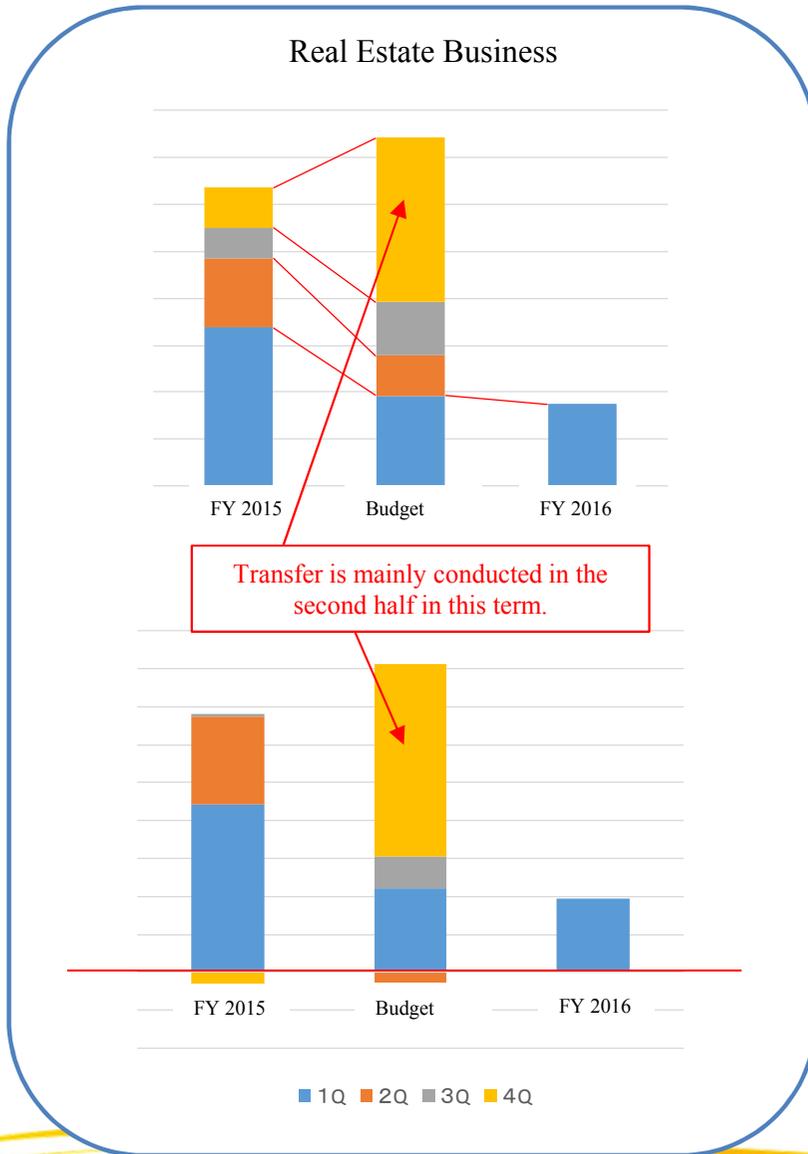


*Upper panel: sales Lower panel: segment income

Real Estate and Information and Telecommunications Businesses



Our budget indicates that the transfer of real estate would be conducted mainly in the second half, but the performance of the real estate has been healthy as a whole. As for the information and telecommunications business, profit is recovering steadily due to business investment in the previous year.

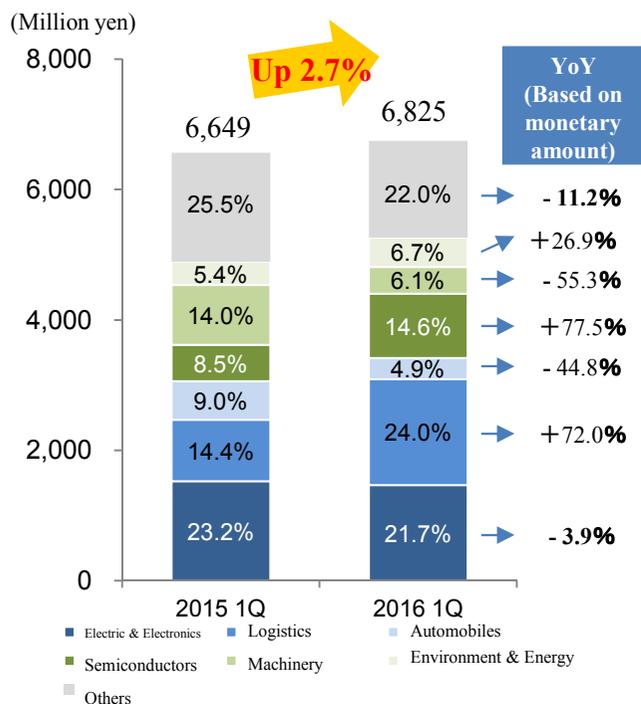


Factory Business

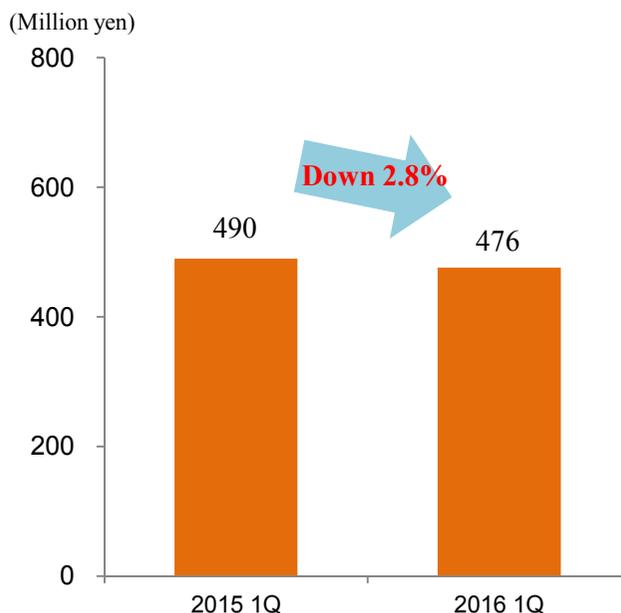
<Sales composition by business segment and the number of staff>

- The semiconductor section shows favorable performance, as the number of smartphone-related orders is healthy.
- The distribution section shows sales growth, as large-scale orders have been placed.

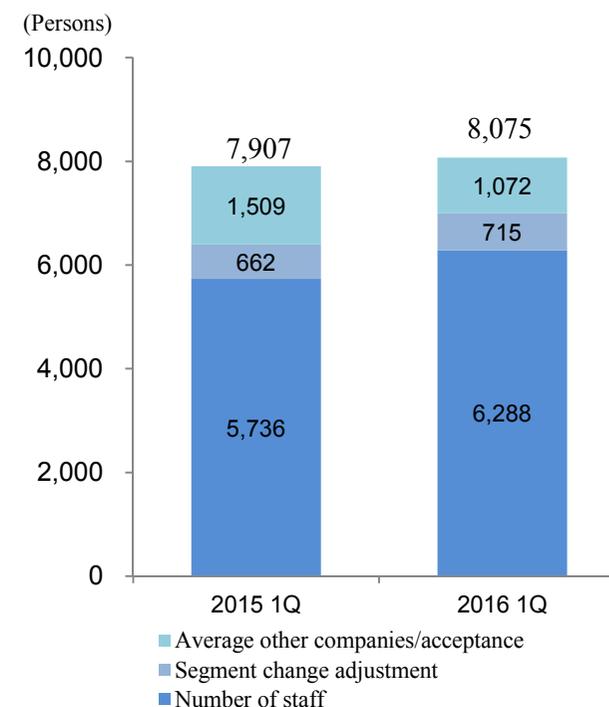
◆ Sales composition by business segment (%)



◆ Operating 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.

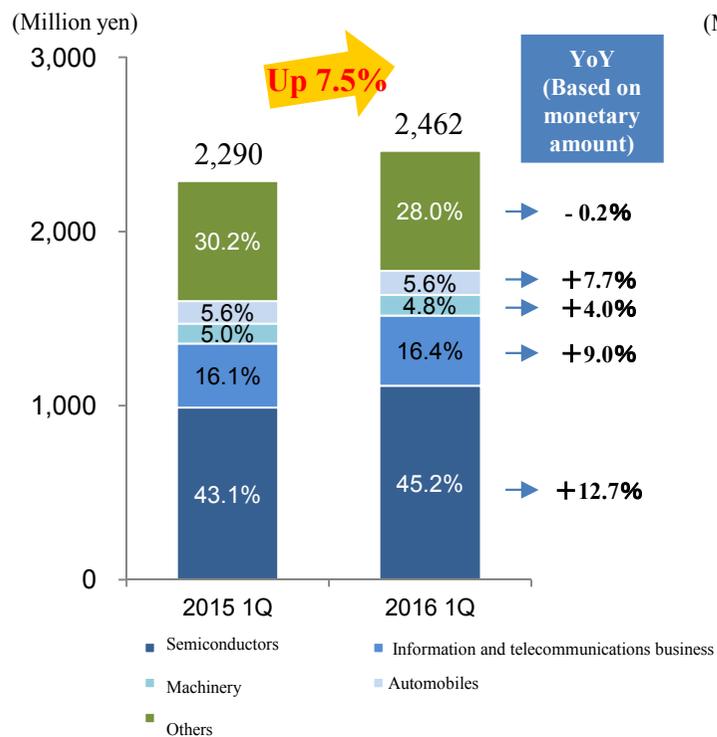
*Number of staff included only staff members who are engaged in on-site operation work.

Technology Business

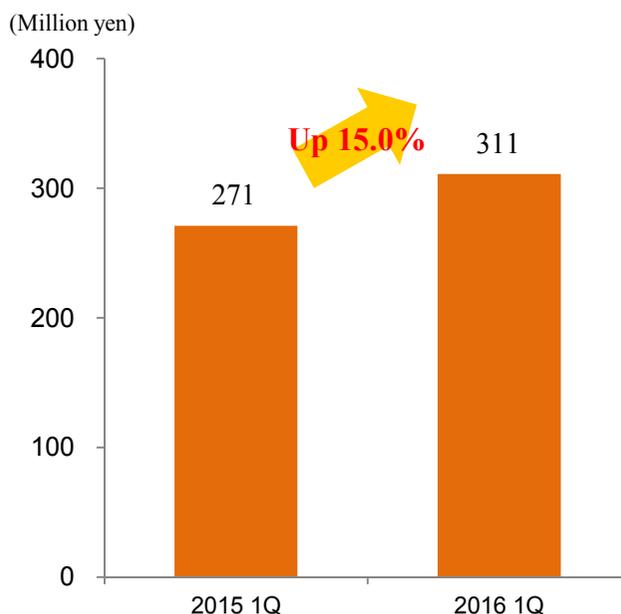
<Sales composition by business segment and the number of staff>

- Performance has been healthy, mainly in the fields of automobiles, semiconductors, software development, and construction, where it is necessary to hire dispatched workers.
- The number of engineers in design and development has increased in the fields of automobiles, semiconductors, and software.
- The number of factory engineers has increased greatly mainly in the field of smartphone-related semiconductors.

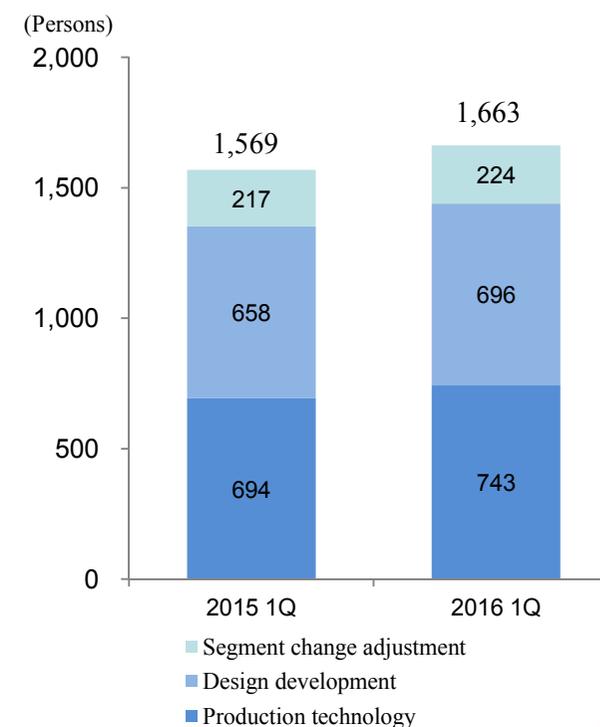
◆ Sales composition by business segment (%)



◆ Operating income



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



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

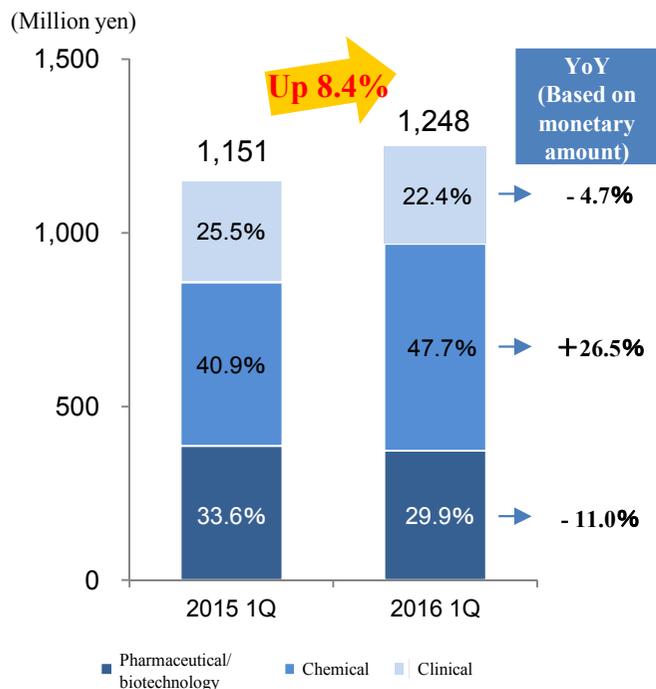
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

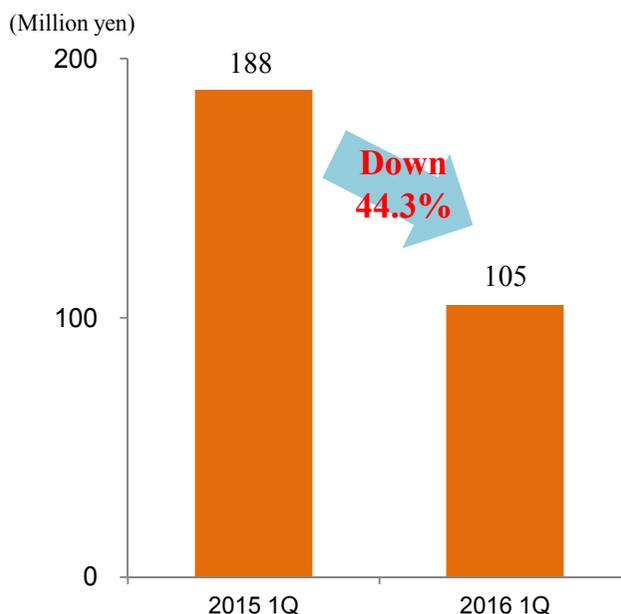
<Sales composition by business segment and the number of staff>

- The R&D business has grown steadily, as pharmaceutical companies and generic drug makers with favorable performance invested in research.
- The PV (pharmacovigilance) business has grown significantly, by increasing new clients through the cooperation with existing CRO enterprises.

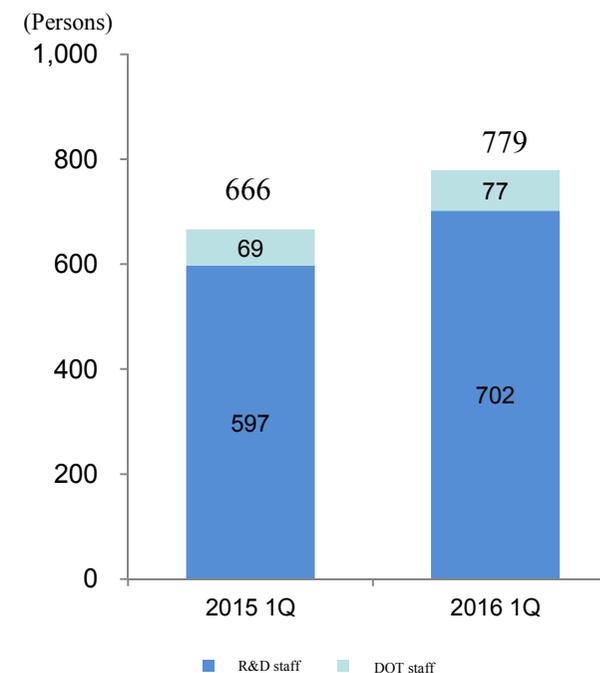
◆ Sales composition by business segment (%)



◆ Operating 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.

*PV=Abbreviation of Pharmacovigilance
To appropriately and swiftly collect and analyze safety information, such as the side effects of pharmaceutical products.

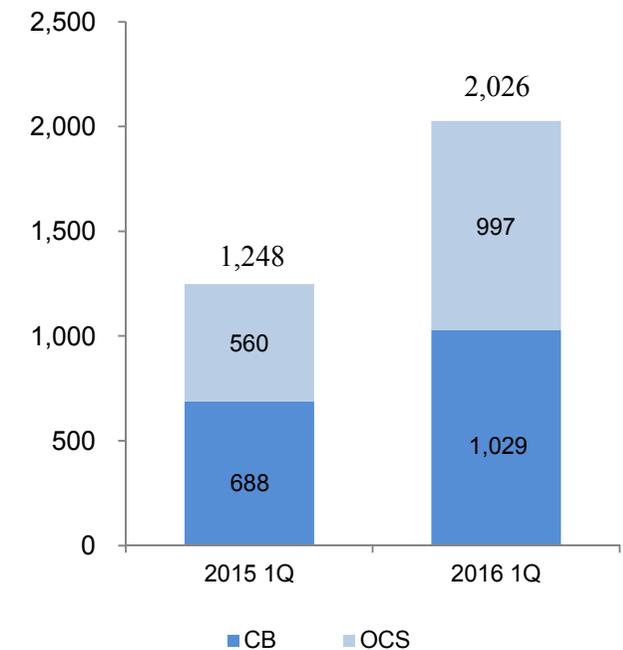
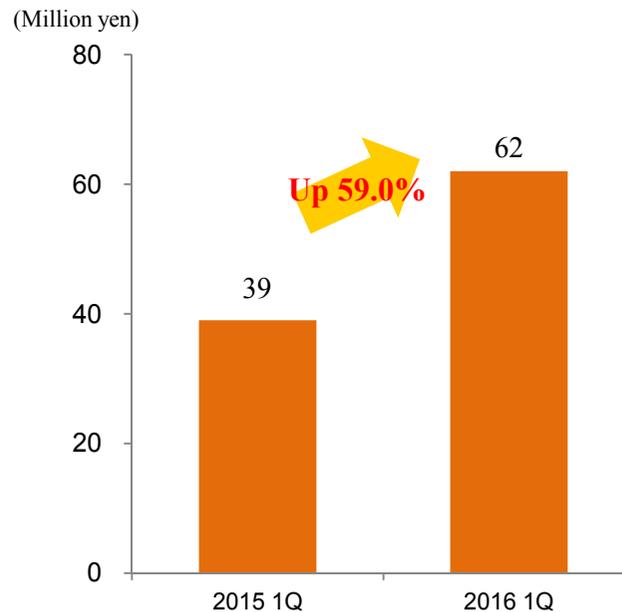
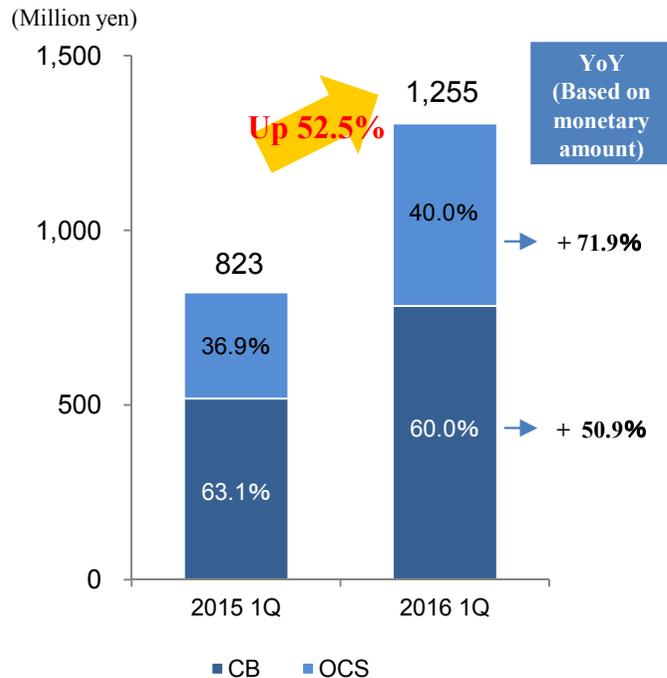
<Sales composition by business segment and the number of staff>

- CB: Sales grew, because of the increase of direct transactions with department stores and the conclusion of large-scale contracts with mass retailers.
- OCS: The number of light-duty workers increased considerably, through the enhancement of cooperation with the distribution section of the factory business.

◆ Sales composition by business segment (%)

◆ Operating 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.

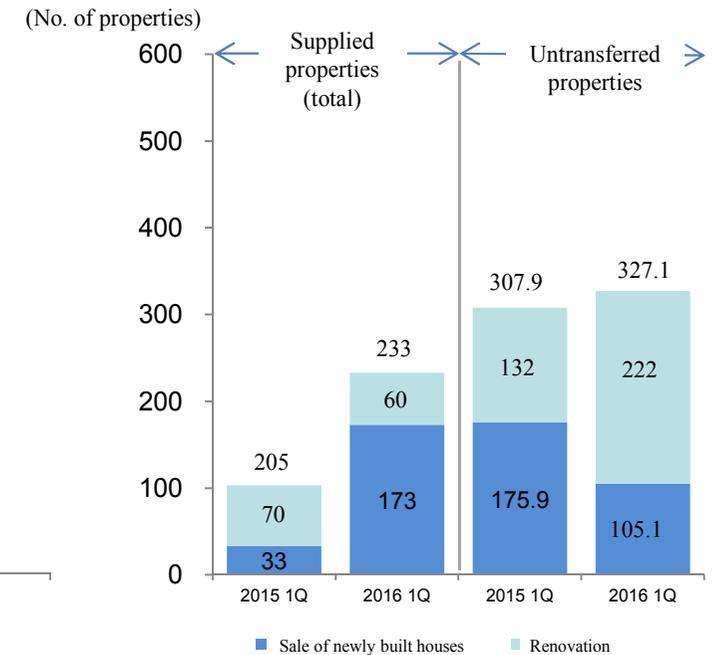
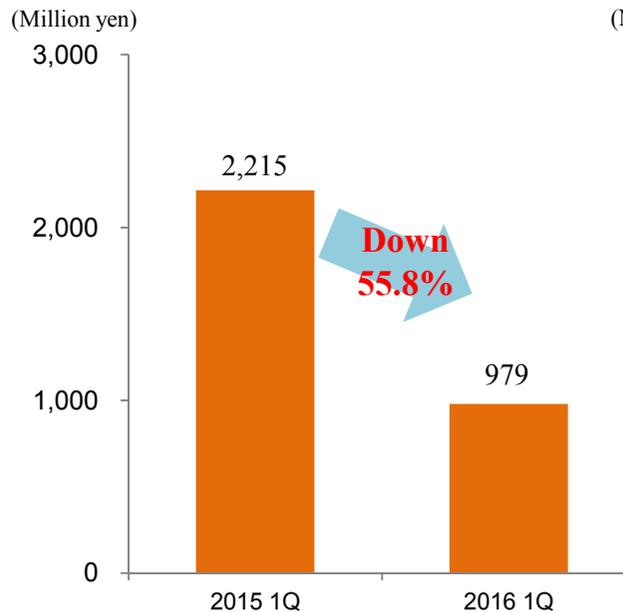
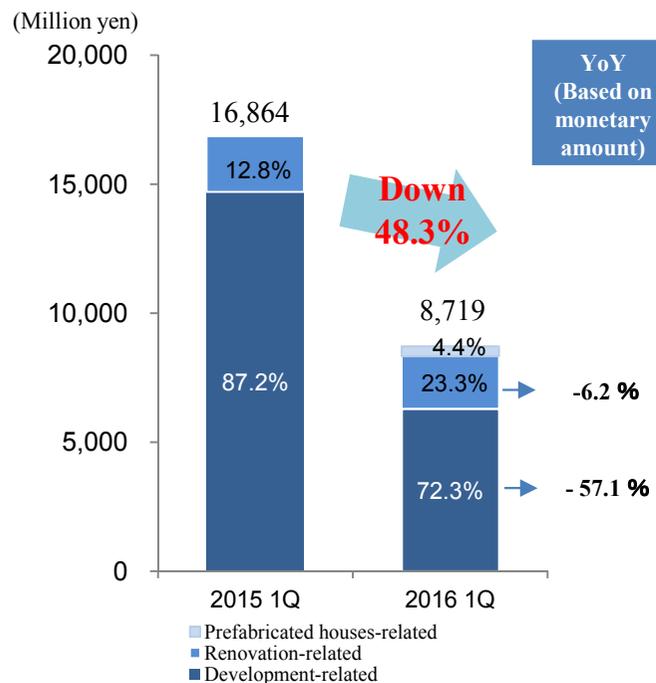
<Sales composition by business segment and the number of units supplied and to be transferred>

- Development-related: Apartments and land lots for residential and business uses have been sold healthily.
- Renovation-related: Sales have grown steadily, exceeding the estimated value, thanks to the busy season (January to March).
- Prefabricated houses-related: We concentrated on the improvement of the business base.

◆ Sales composition by business segment (%)

◆ Operating income

◆ Number of supplied and untransferred properties



*The prefabricated house business was established in 4Q of 2015, as Omachi World Co., Ltd. became a subsidiary.

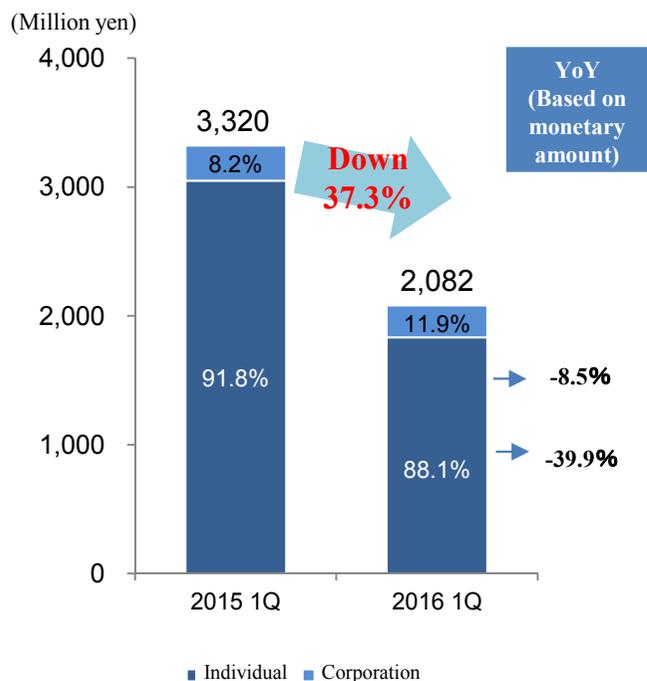
*The supplied properties were included at the time when their sale began. The untransferred properties include the already-contracted ones. For JV projects, proportionally distributed number was used.

Information and Telecommunications Business

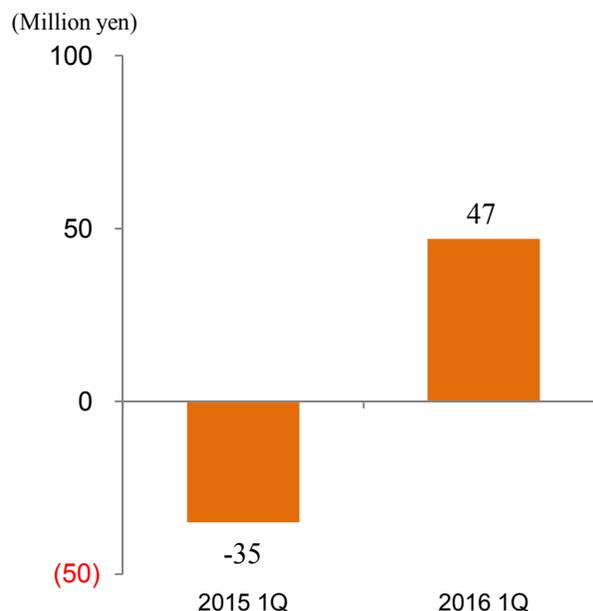
<Variations in sales and the number of stores>

- The investment phase ended, and this business moved into the black in the 1st quarter.
- Stores were relocated to convenient places, new stores were opened, and highly hospitable personnel were cultivated for developing a network of excellent stores.

◆ Sales for each target



◆ Operating income

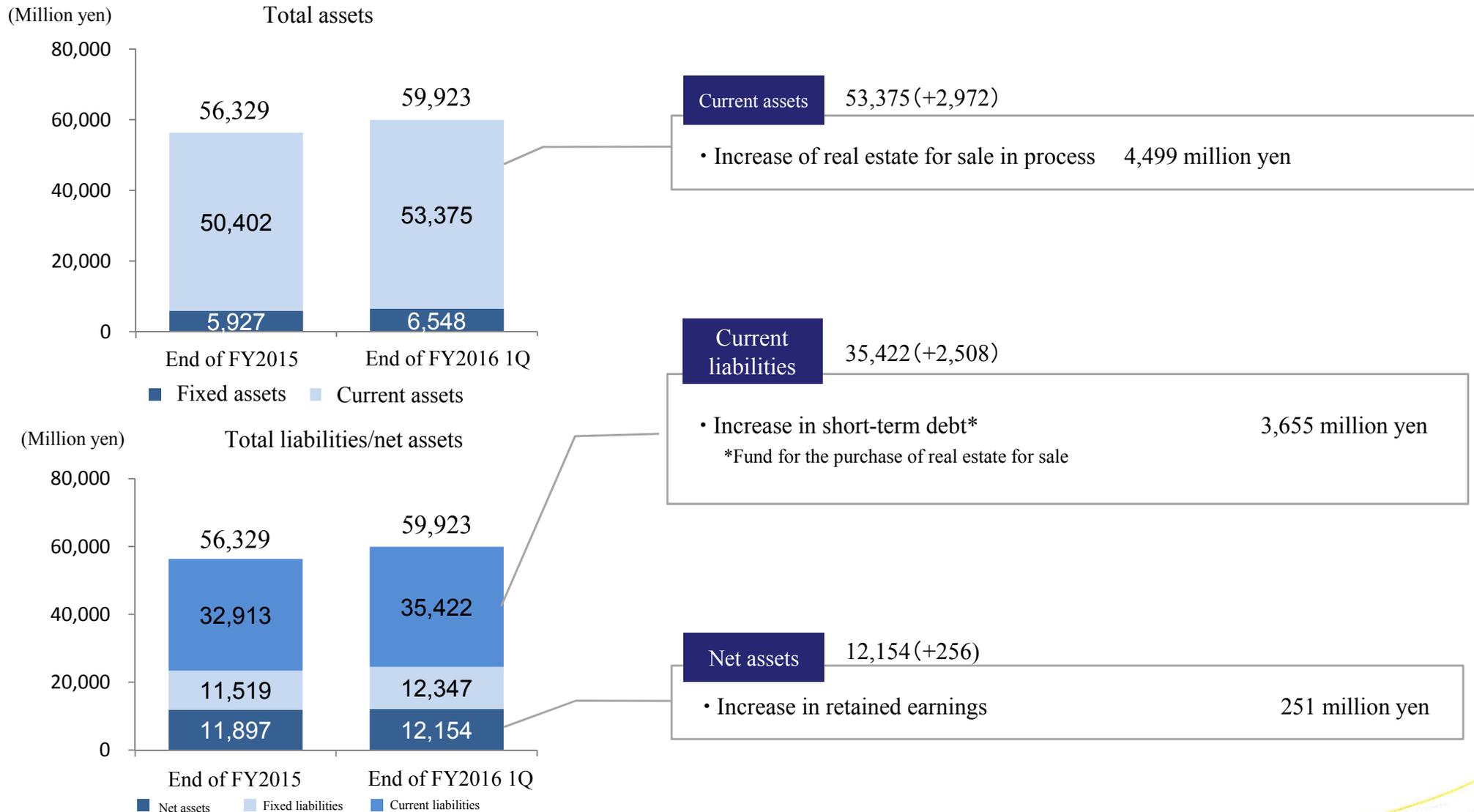


《Enriched product lineup》





● Real estate for sale in process increased.





II. FY2016 Business Forecasts

Summary of FY2016 Business Forecast



- Sales and profits are all estimated to make a record high.
- The reason why current net income decreased in comparison to ordinary income is that preferential tax treatment ended.

Unit: million yen, %	FY2015 actual	FY2016 forecast*	Change from forecast	
			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



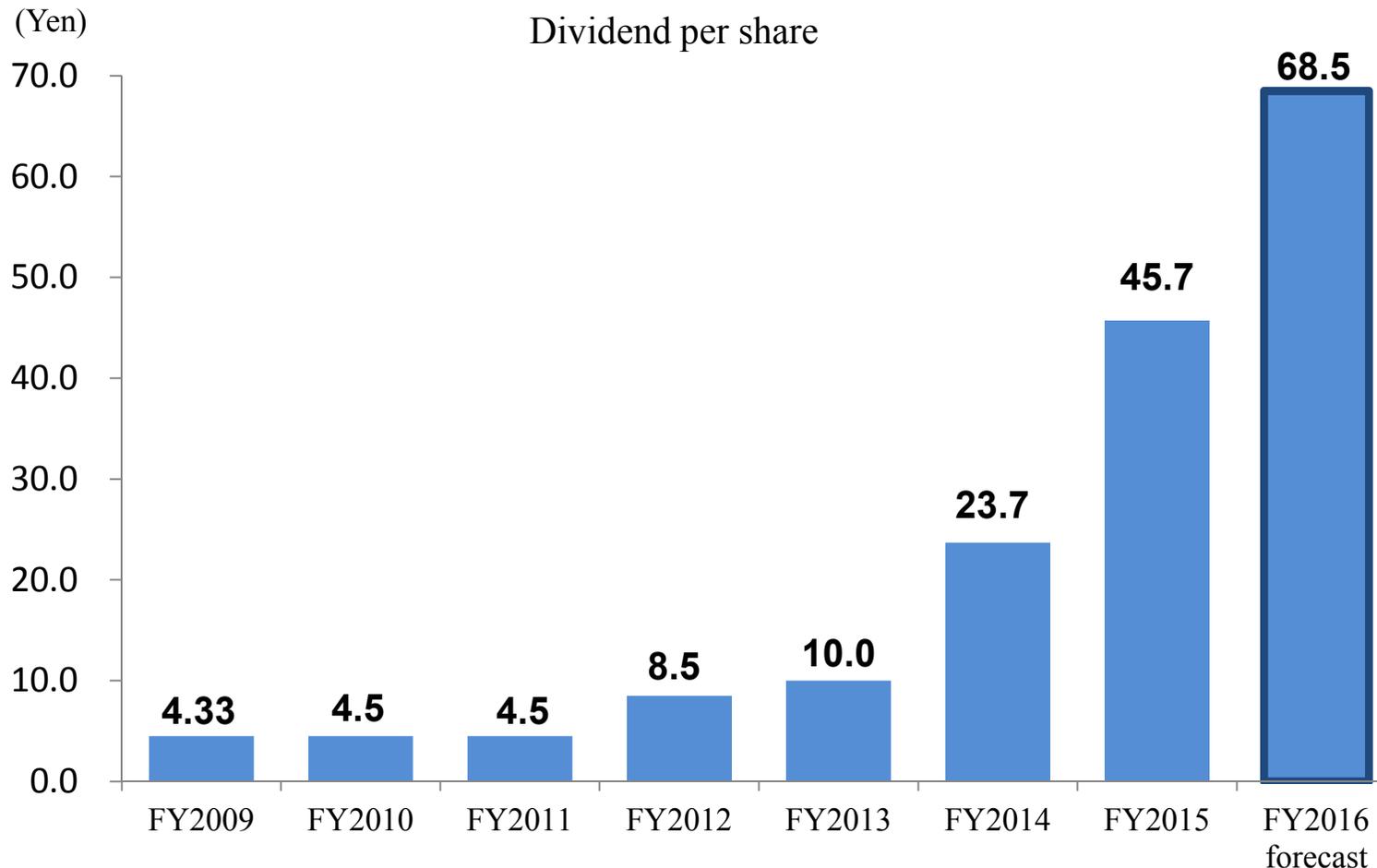
Unit: Million yen, %			FY2015 actual	FY2016 forecast*	Change from forecast	
					Change	Pct. change
Human Resources and Education Business	Factory Business	Net sales	26,910	32,571	5,661	21.0
		Segment income	1,801	2,316	515	28.6
		Profit margin	6.7%	7.1%	—	—
	Technology Business	Net sales	9,547	10,699	1,152	12.1
		Segment income	989	952	-36	-3.7
		Profit margin	10.4%	8.9%	—	—
	R&D Business	Net sales	4,755	5,650	894	18.8
		Segment income	518	565	47	9.1
		Profit margin	10.9%	10.0%	—	—
	Sales & Marketing Business	Net sales	3,972	5,525	1,552	39.1
		Segment income	218	296	77	35.5
		Profit margin	5.5%	5.4%	—	—
	Others	Net sales	491	547	56	11.4
		Segment income	15	26	10	70.3
		Profit margin	3.2%	4.8%	—	—
Real Estate Business	Net sales	31,785	37,092	5,307	16.7	
	Segment income	3,061	3,921	860	28.1	
	Profit margin	9.6%	10.6%	—	—	
Information and Telecommunications Business	Net sales	10,522	8,056	-2,466	-23.4	
	Segment income	4	200	195	4,054.5	
	Profit margin	0.0%	2.5%	—	—	
Total	Net sales	87,984	100,111	12,127	13.8	
	Elimination or corporate	-1,472	-2,003	—	—	
	Operating income	5,137	6,275	1,138	22.2	
	Operating margin	5.8%	6.3%	—	—	

*Announced on February 3, 2016.

Although it was reported that some manufacturers would reduce output, our business base is stable because of the risk hedge through the coverage of various industries and the trusting relationships with clients as a top company. Accordingly, we think that our business performance will not be significantly affected.



From fiscal 2016, we aim to 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.



We would like to express our heartfelt condolences to the victims of the earthquakes that have been occurring intermittently around Kumamoto Prefecture since April 14, 2016. Immediately after the occurrence of the earthquake, we started giving support as much as possible, while grasping the situation of damaged areas, in cooperation with the business establishments, employees, and business partners of our corporate group. After the Great East Japan Earthquake, we employed and supported victims. From this experience, we think that we need to take various measures and actions, and give support also in Kumamoto Prefecture.

We will continue our activities for supporting victims and restoring Kumamoto Prefecture, while taking responsibility as an enterprise headquartered in Kyushu.



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