



# FY2017 First Quarter Financial Results



May 8, 2017 (Mon.)

WORLD HOLDINGS CO., LTD.

First Section of Tokyo Stock Exchange (2429)

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and Primary Measures in 2017**
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# **I. Outline of the New Mid-term Managerial Plan 2021 and Primary Measures in 2017**

# Outline of the New Mid-term Managerial Plan 2021 and Primary Measures in 2017

## <New Vision>

### **Pursuit of evolved systems in which people can exert their abilities**

**“To aim to become a company that can grow stably with enhanced competitiveness and sociality”**

“Stable business administration” with appropriate scale and balanced management, “business expansion” increasing our business fields, and “high sociality” toward many sectors through various businesses

**<First half of the period of the mid-term managerial plan>  
To fortify our management base, and expand our business  
in existing fields and peripheral ones**



**<Second half of the period>  
Foray into new business fields**

#### **Primary measures in 2017**

##### **Human Resources and Education Business**

- Enrichment of a career development system for developing a human resources platform
- To collect data on the preferences of job seekers, accept a broad range of workers through one-stop services, and develop a base for mutual matching

##### **Real Estate Business**

- To strengthen and launch businesses (related to renovation and single-family housing) that can recoup investments in a short period of time
- Business development while grasping the field and timing where development-related profit (ROI) would be maximized.

##### **Information and Telecommunications Business**

- To improve the environment of existing cellphone shops and open new excellent stores
- To establish a service of providing corporations with comprehensive cost reduction solutions via our various products

# Activities in the First Quarter

## Human Resources and Education Business

### <Improvement in the capability of giving proposals comprehensively>

To brush up the abilities to give proposals and negotiate based on the staffing capability, skills and technologies

**To increase large-scale transactions with favorable conditions**

### <Improvement in the quality, quantity, and efficiency of recruitment>

To promote the strengthening of the cooperation between recruiting and local organizations

**Smooth launch of multiple large-scale projects**

### <Improvement in employees' performance>

Completion of our original career development programs

**Start of operation (for improving skills and retention rate)**

## Real Estate Business

### <Redevelopment of a business portfolio>

Foray into the single-family housing field  
To procure more real estate to be renovated

**Start of preparation for the change of profit balance**

### <Transfer of real estate while emphasizing profit>

Strategic transfer of real estate while emphasizing profit

**Drop in sales because of the postponement of some transactions**

### <M&A strategy>

Expansion of the existing business to peripheral fields

**Hoei Construction Co., Ltd. joined our corporate group.**

## Information and Telecommunications Business

### <Fostering of a base for expansion>

Streamlining of store operation and environmental improvement

**Practice of organizational operation**

### <Enrichment of B to B services>

Sale of Internet lines for SOHO  
Payment business for the inbound

**Cultivation of new services**

## Other

### <M&A strategy>

Foray into the agricultural park field  
**Farm Co., Ltd. joined our corporate group.**



## **II. Summary of FY2017 First Quarter Financial Results**

# First Quarter Summary

- Sales, operating, ordinary, and quarterly net incomes grew.
- The Human Resources and Education and Information and Telecommunications Businesses progressed healthily as planned.
- In the Real Estate Business, the transfer of land for business was put off till 2Q or later, in which higher profit is expected. Accordingly, it slightly influenced the growth in sales and profit.

Unit: Million yen, %

	FY2016/1Q actual	FY2017/1Q actual	YOY		Full-year budget*	Ratio to full-year budget
			Change	Pct. Change		
Net sales	22,726	<b>29,074</b>	6,348	27.9	123,846	23.5
Operating income	1,662	<b>1,845</b>	182	11.0	6,270	29.4
Ordinary income	1,637	<b>1,810</b>	173	10.6	5,936	30.5
Net income attributable to owners of parent	1,015	<b>1,108</b>	92	9.2	3,519	31.5

\*Announced on February 13, 2017



# Sales by Business Segment

- All segments of the Human Resources and Education Business saw sales growth.
- In the Real Estate Business, sales grew as Hoei Construction Co., Ltd. joined our corporate group.
- The profitability of the Information and Telecommunications Business recovered thanks to the investment conducted over the past several years.

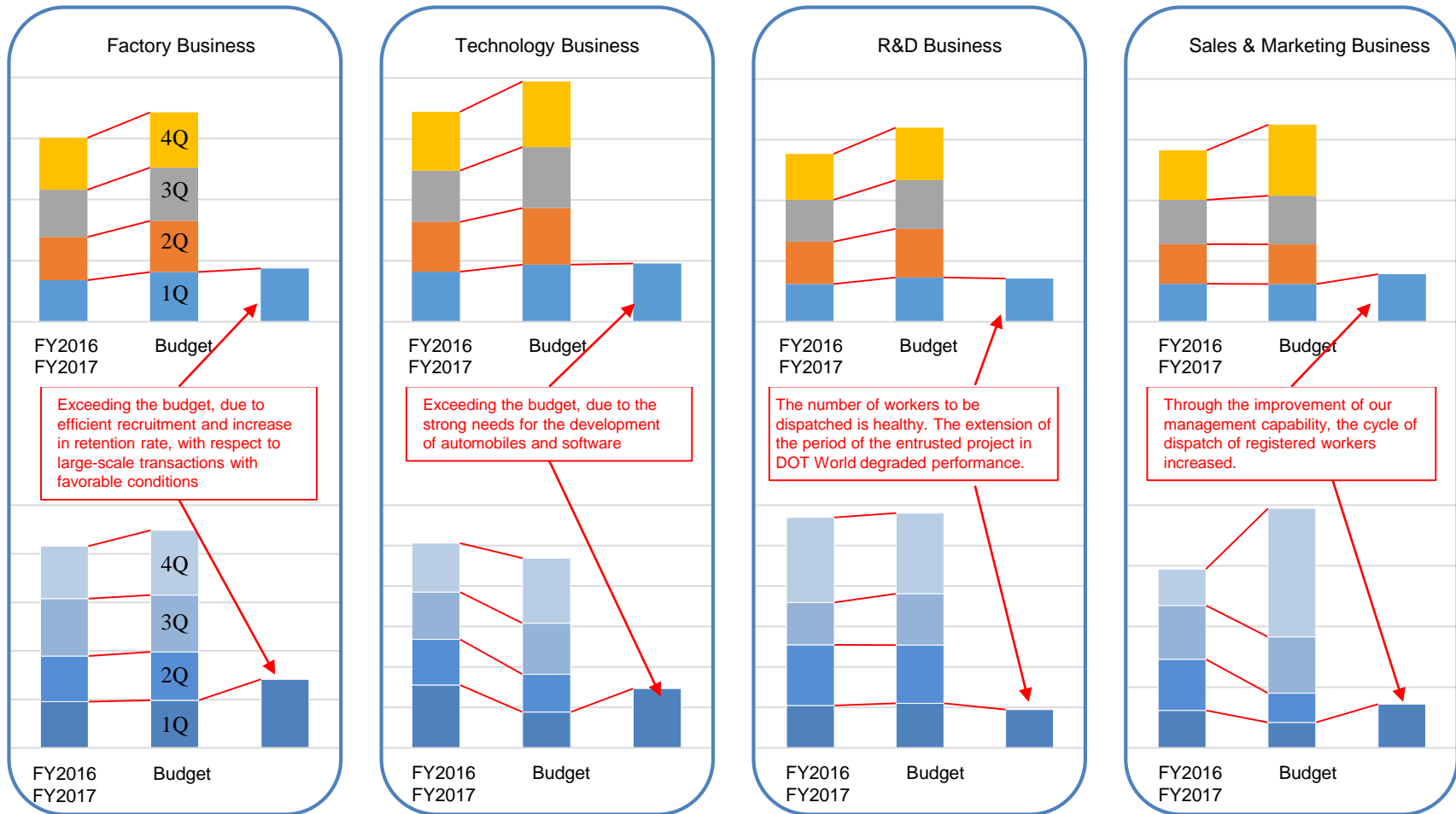
Unit: Million yen, %		FY2016/1Q actual (Profit margin)		FY2017/1Q actual (Profit margin)		YOY		Full-year budget* (Profit margin)		Ratio to full- year budget
						Change	Pct. Change			
Human Resources and Education Business	Factory Business	Net sales	6,825		8,738	1,912	28.0	34,299		25.5
		Segment income	476	(7.0%)	706	230	48.4	2,242	(6.5%)	31.5
	Technology Business	Net sales	2,462		2,866	404	16.4	11,818		24.3
		Segment income	311	(12.7%)	294	△17	△ 5.7	940	(8.0%)	31.3
	R&D Business	Net sales	1,248		1,426	178	14.3	6,400		22.3
		Segment income	105	(8.4%)	95	△9	△8.9	582	(9.1%)	16.4
	Sales & Marketing Business	Net sales	1,255		1,572	317	25.3	6,500		24.2
		Segment income	62	(5.0%)	72	9	14.7	397	(6.1%)	18.1
Total (reference)		Net sales	11,792		14,604	2,812	23.8	59,018		24.7
		Segment income	955	(8.1%)	1,168	212	22.3	4,163	(7.1%)	28.1
Real Estate Business	Real Estate Business	Net sales	8,719		12,151	3,432	39.4	50,685		24.0
		Segment income	979	(11.2%)	1,076	96	9.9	3,702	(7.3%)	29.1
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	2,082		2,138	56	2.7	10,198		21.0
		Segment income	47	(2.3%)	67	20	43.9	245	(2.4%)	27.7
Other	Others	Net sales	131		180	48	36.9	3,943		4.6
		Segment income	5	(3.9%)	13	8	168.3	36	(0.9%)	38.5
Total		Net sales	22,726		29,074	6,348	27.9	123,846		23.5
		Elimination or corporate	-325		-481	-155	48	-1,877		25.6
		Operating income	1,662	(7.3%)	1,845	183	11.0	6,270	(5.1%)	29.4

\*Announced on February 20, 2017



# Human Resources and Education Business

The budget progress for the human resources segment is almost as expected.

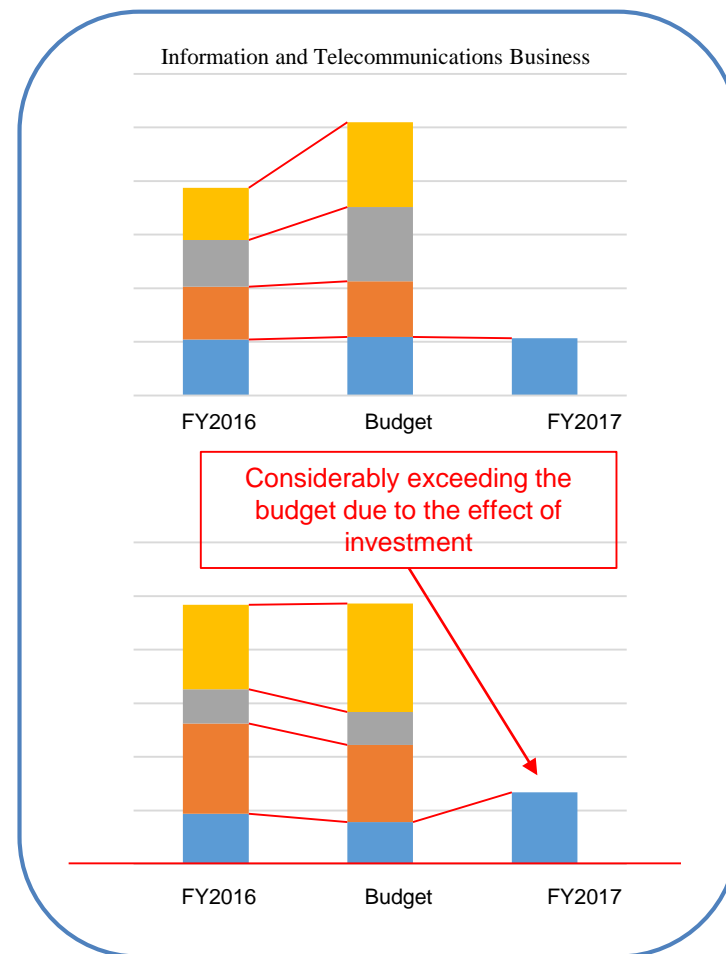
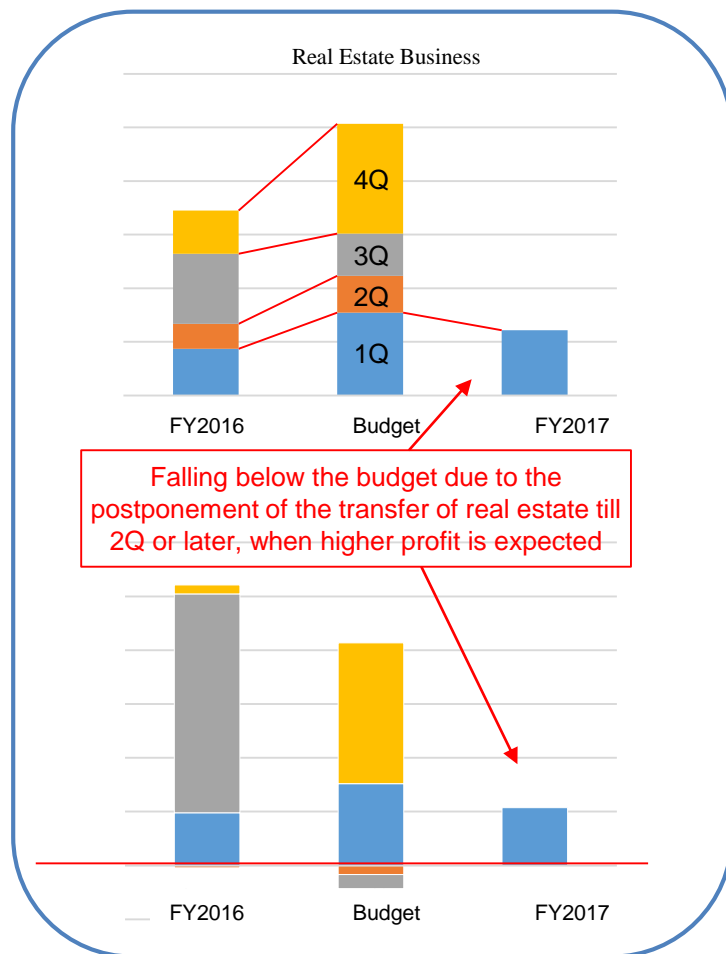


\*Upper panel: sales, lower panel: segment income

# Real Estate Business and Information and Telecommunications Business

The Real Estate Business was affected by the postponement of the transfer of real estate till 2Q or later, when higher profit is expected.

The profit from the Information and Telecommunications Business recovered steadily, thanks to the outcome of business investment.



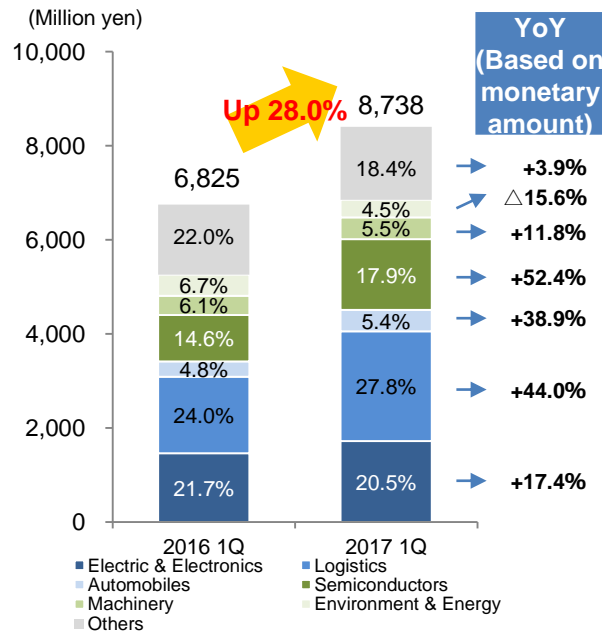
\*Upper panel: sales, lower panel: segment income

# Factory Business

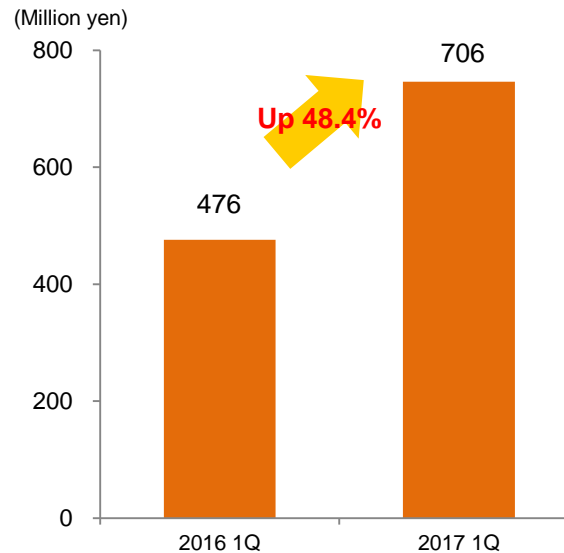
## <Sales composition by business segment and the number of staff>

- The sales in the fields of semiconductors and logistics, which are our specialties, kept growing steadily.
- Through the negotiation based on the advanced capability of staffing, skills, and technologies, we increased large-scale transactions with favorable conditions.
- The implementation of our original career development program led to the improvement of employees' skills and motivation, and improved the quality of the service of "offering advanced skills and technologies stably."

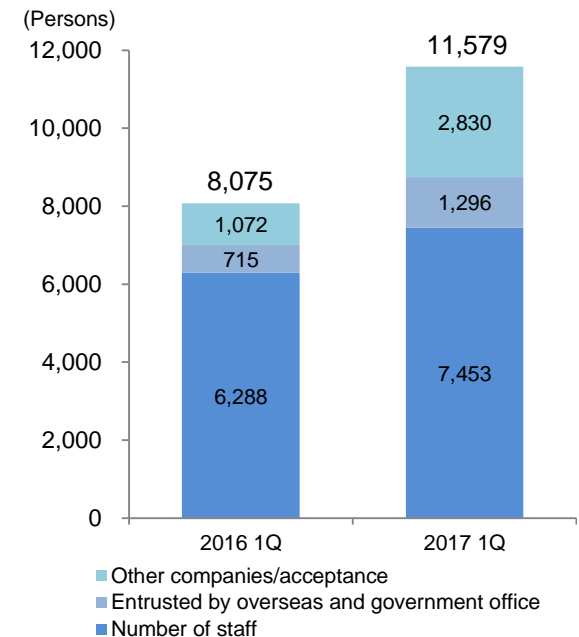
◆ Sales composition by business segment



◆ 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.

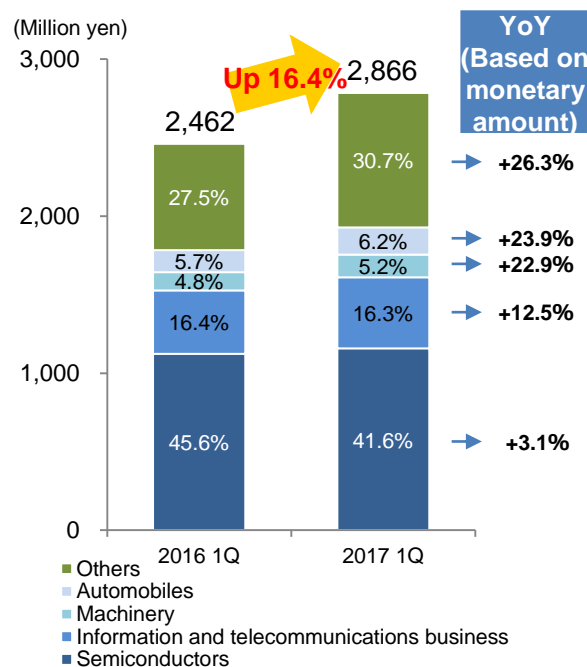
\*Number of staff included only staff members who are engaged in on-site operation work

# Technology Business

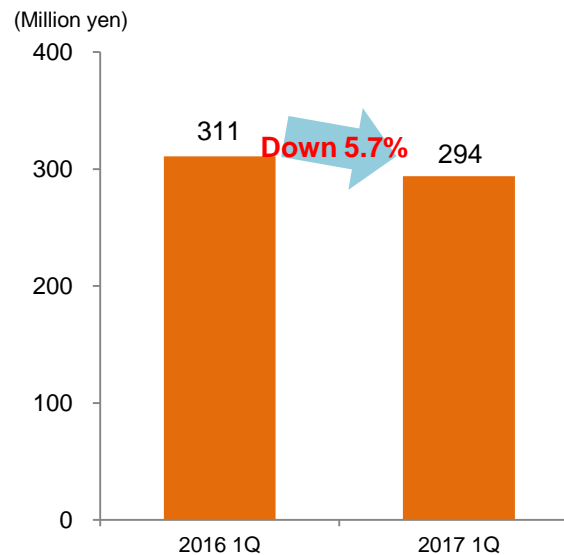
## <Sales composition by business segment and the number of staff>

- Recruitment and staffing progressed healthily, in response to the strong needs in the fields of automobiles, information, and telecommunications.
- We increased investment in technical training and career development, for brushing up employees' skills and recruiting new workers.
- Strategic investment for expanding the business domain of the repair section

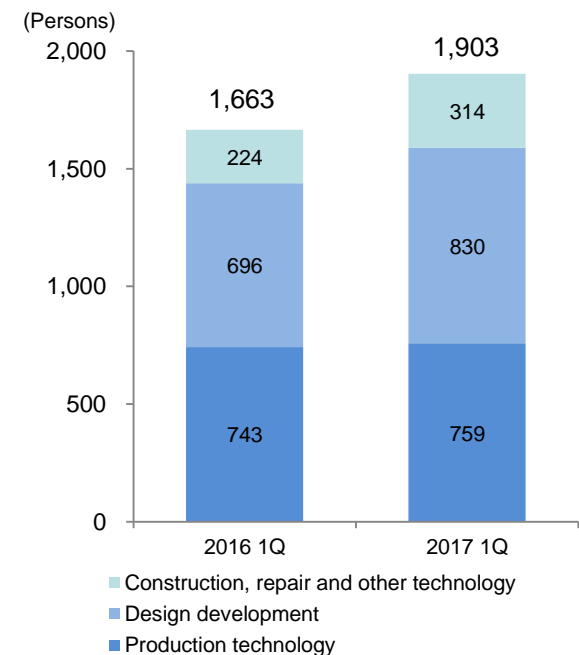
◆ Sales composition by business segment



◆ Segment income



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



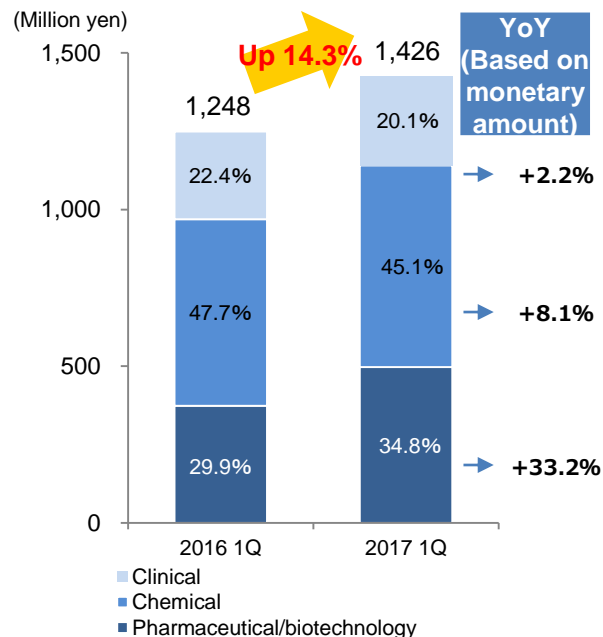
\*The number of staff is a three-month average.

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

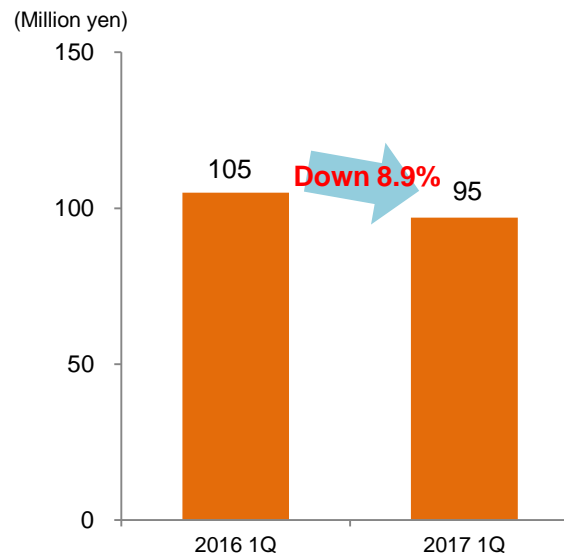
## <Sales composition by business segment and the number of staff>

- Establishment of a system for visualizing the skills, experiences, and evaluations of researching staff, for the purpose of securing excellent personnel and polishing and managing employees' skills
- We specialize in the recruitment of excellent researching staff from new graduates, and dispatch them early with favorable conditions.
- DOT World put off the entrusted project till 2Q, but increased trial employees.

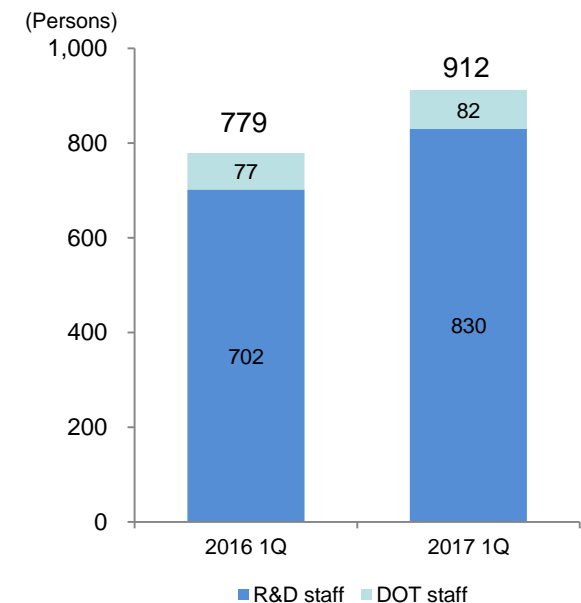
◆ Sales composition by business segment



◆ Segment income



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



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

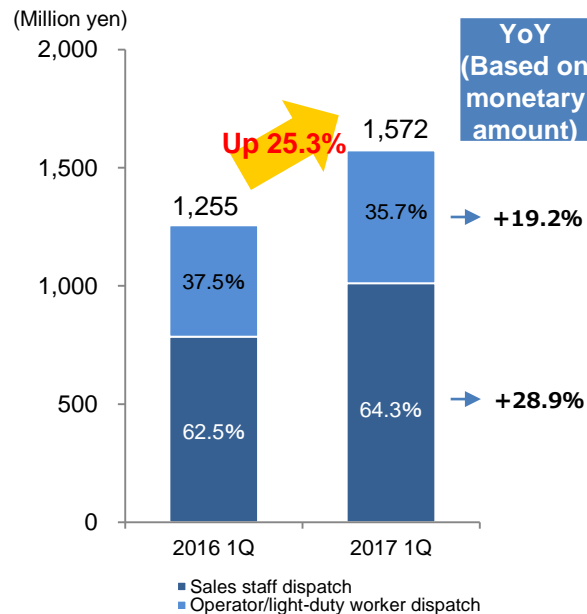
\*Number of staff included only staff members who are engaged in on-site operation work

# Sales & Marketing Business

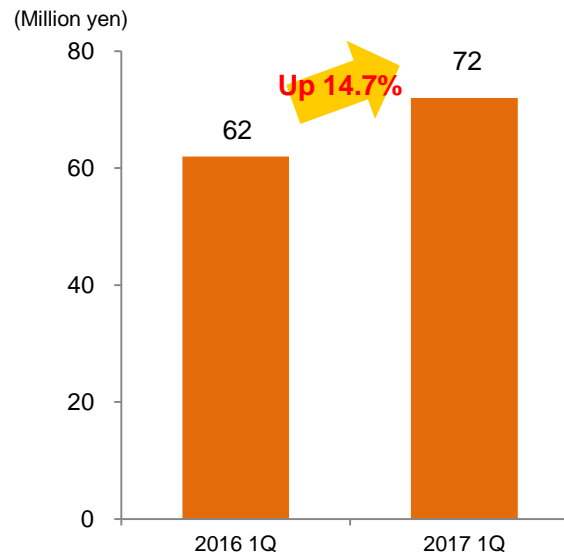
## <Sales composition by business segment and the number of staff>

- We dispatched more sales staff to leading retail chains and restaurants.
- The sales from the dispatch of operators to mainly leading companies were healthy. The performance of dispatch of light-duty workers was favorable thanks to the cooperation with the logistics section of the Factory Business.

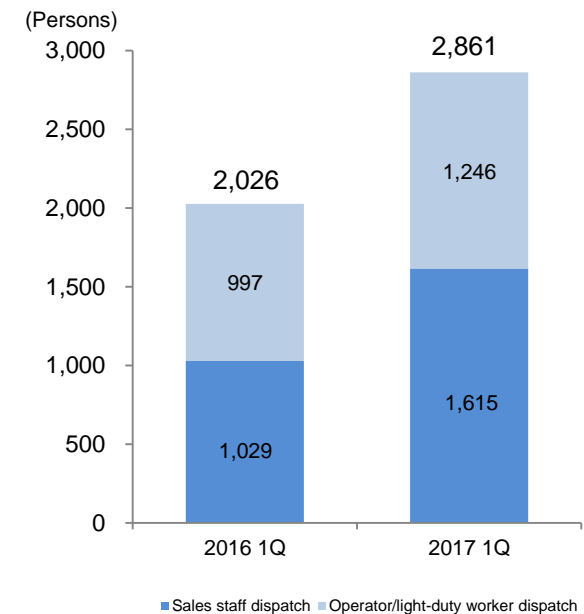
◆ Sales composition by business segment



◆ Segment income



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



This term, our original names “CB Division” and “OCS Division” were renamed “Sales staff dispatch” and “Operator/light-duty worker dispatch,” respectively.

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

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

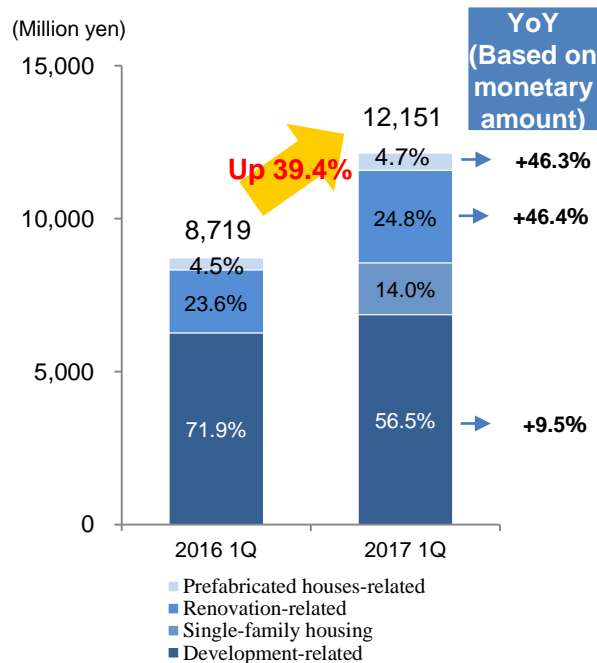


# Real Estate Business

## <Sales composition by business segment and major activities>

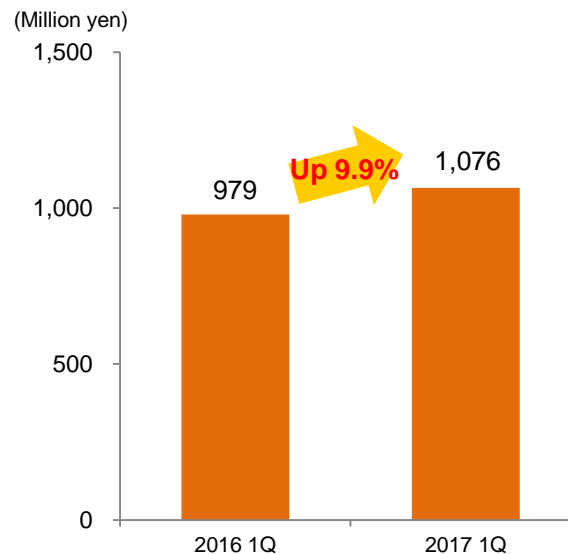
- As for development, the transfer of land for business was put off till 2Q or later, when higher profit is expected.
- Hoei Construction Co., Ltd., which joined our group in Jan. of this term, performed well in single-family housing projects.
- As for prefabricated houses, we proceeded with the development of new products in cooperation with sanitary ware makers in Kyushu and the cultivation of the Kyushu area through group synergy.

### ◆ Sales composition by business segment



\*Single-family housing taken into account from 1Q of 2017

### ◆ Segment income



◆ “Challenge 999” Series, the representative brand of Hoei Construction, which joined our group in Jan.



◆ The new product “Toilet House” developed by Omachi World Co., Ltd.

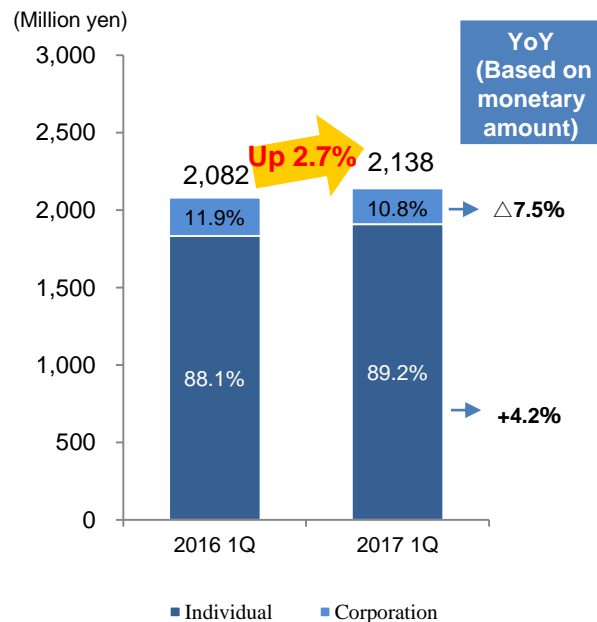


# Information and Telecommunications Business

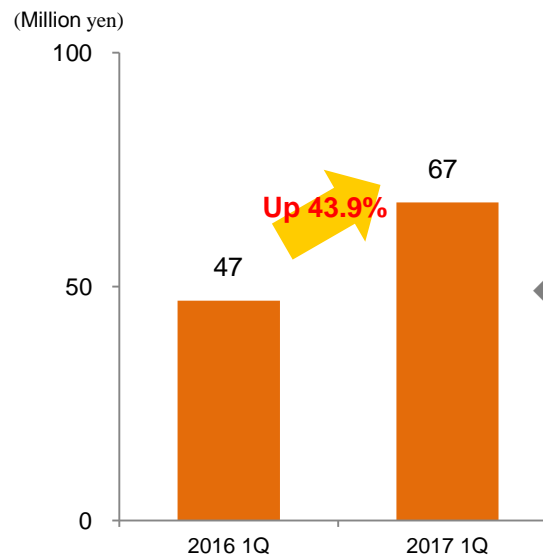
## <Sales and major activities>

- Through restructuring, store operation became more efficient.
- Thanks to the investment so far, the rationalization of stores progressed, and profitability recovered, and we concentrate on the surveys, etc. for opening stores for further growth.
- We started preparing for the expansion of comprehensive solutions for reducing office costs, and cultivating new services targeted at the inbound, SOHO, etc.

### ◆ Sales for each target



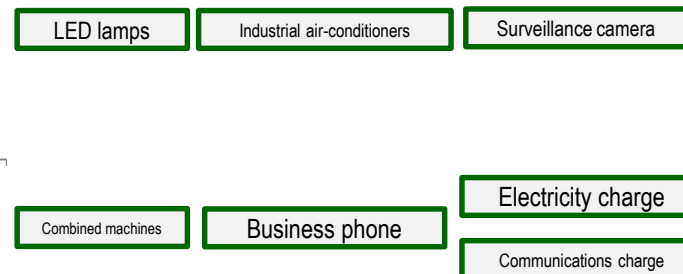
### ◆ Segment income



### ◆ Development of stores that would be chosen by customers



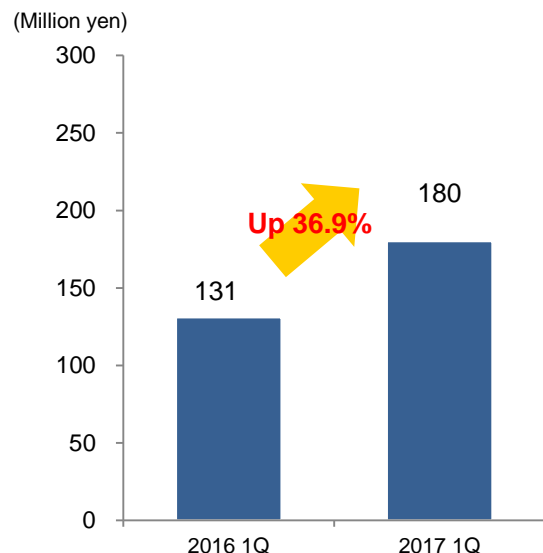
### ◆ Enrichment of products for corporations



## <Sales and major activities>

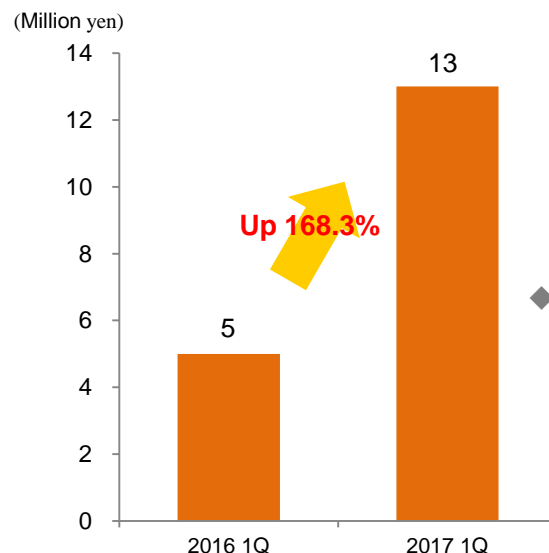
- Advan Corp Inc., which runs PC schools, offers technical training for programming and CAD, enriches curricula, expands target areas, and prepares for direct sale in cooperation with the Technology Business.
- Farm Co., Ltd., which joined our corporate group in Feb., redeveloped its operational system for the peak season in Apr. and May.

### ◆ Sales



\*The performance of Farm is taken into account from 2Q.

### ◆ Segment income



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

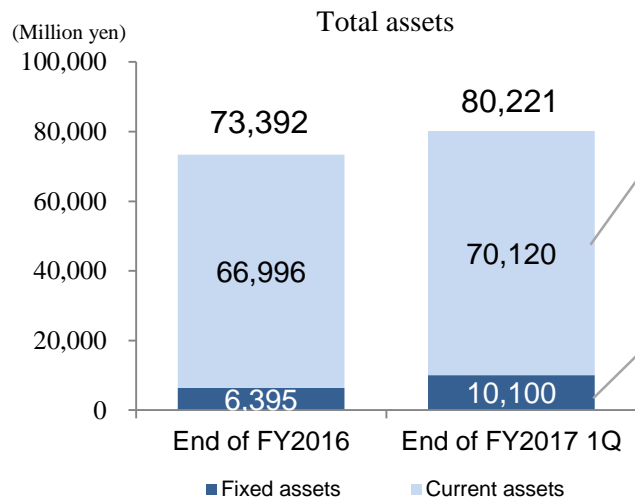


### ◆ As Farm joined our group, we launched the agricultural park business.



# Financial Condition B/S

- Through the acquisition of new subsidiaries, fixed assets, current liabilities, etc. grew.



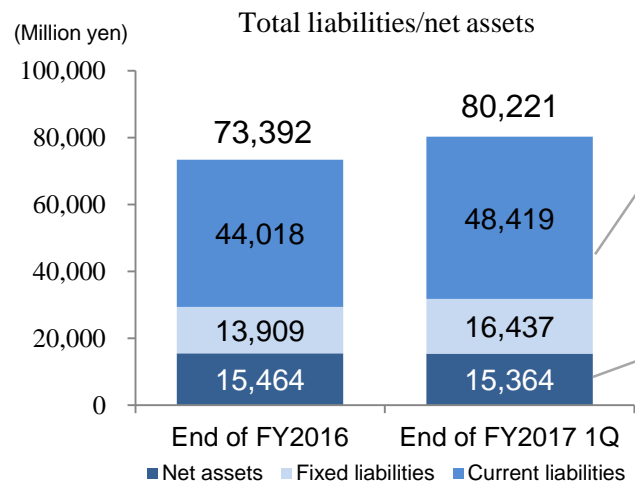
**Current assets** 70,120 (+3,124)

- Increase in real estate for sale 2,231 million yen

**Fixed assets** 10,100 (+3,704)

- Increase in property, plant and equipment\*

\*Due to the acquisition of subsidiaries



**Current liabilities** 48,419 (+4,401)

- Increase in short-term and long-term debt\*

\*Funds for acquiring the shares of subsidiaries

**Net assets** 15,364 (Δ99)

- Decrease in retained earnings (168 million yen)

### **III. Introduction of New Group Companies**



**It became a subsidiary in Jan.**

**No.1 house builder in Hokkaido\*** ⇒ Sold over 4,000 custom single-family houses mainly in Sapporo City.

\*Ranked first in Sapporo City, selling 255 houses in “the section of custom single-family houses of house building ranking in Sapporo City from Jan. to Dec. 2016” by Juutsu Co., Ltd.

## <Effect of joining our corporate group>

Synergy with existing business	Synergy with the Renovation Business, targeted at houses they have sold so far
Expansion of the business domain	Expansion of the target area with single-family housing (recurring-revenue business) based on our group's business base

## <Characteristics and strengths>

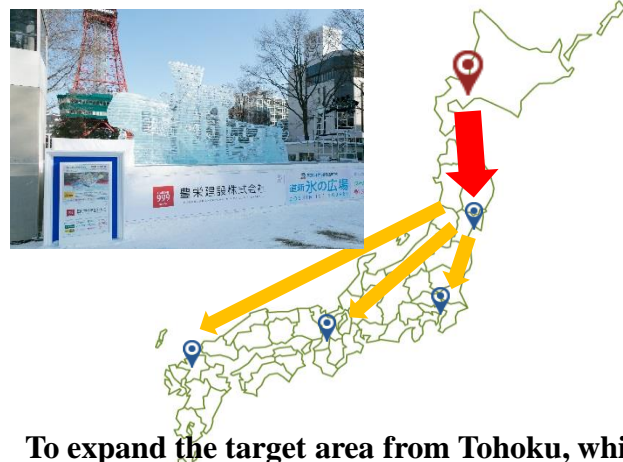
### Explicit fee system

Promotion of five brands, including “Challenge 999 Series” for core products



### No.1 brand power in Hokkaido

Being community-based,  
it grew to be the No.1 house builder in Hokkaido.



**To expand the target area from Tohoku, while utilizing the base of our group and grasping appropriate scale**



\*Franchised store



## Became a subsidiary in Feb.

Nationwide operation of agricultural parks. It operates 6 owned facilities, and is entrusted with the management of local governments' facilities.

⇒ Over 1 million people visit its facilities every year thanks to community-based operation.

## < Effect of joining our corporate group >

\*Its performance taken into account from 2Q

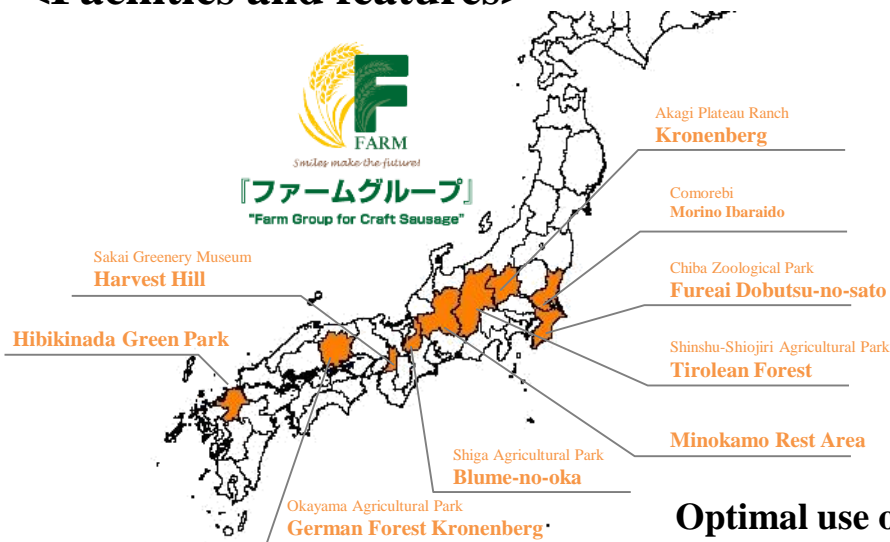
**Job creation and regional vitalization**

Community-based creation of a broad range of jobs and regional vitalization

**New recurring-revenue business**

**Recurring-revenue business** that boosts profit as visitors increase

## <Facilities and features>



Community-based facility. Interaction with animals



Events and original products harnessing animals and nature



**Optimal use of existing facilities without excessive equipment investment**  
**We aim to develop facilities that are wanted by each region in cooperation with local governments.**



## **IV. FY2017 Business Forecasts**

# Summary of FY2017 Business Forecast

- Sales are estimated to grow for the 8<sup>th</sup> consecutive term. We will fortify the base for the new mid-term managerial plan.

Unit: Million yen, %	FY2016 actual	FY2017 forecast*	Change from forecast	
			Change	Pct. change
Net sales	94,334	<b>123,846</b>	29,512	31.3
Operating income	7,407	<b>6,270</b>	-1,137	-15.4
Ordinary income	7,306	<b>5,936</b>	-1,369	-18.7
Net income attributable to owners of parent	4,192	<b>3,519</b>	-672	-16.0
EPS (yen)	250.92	210.63	-40.29	-16.1
Dividend per share (yen)	75.3	63.2	-12.1	-16.1

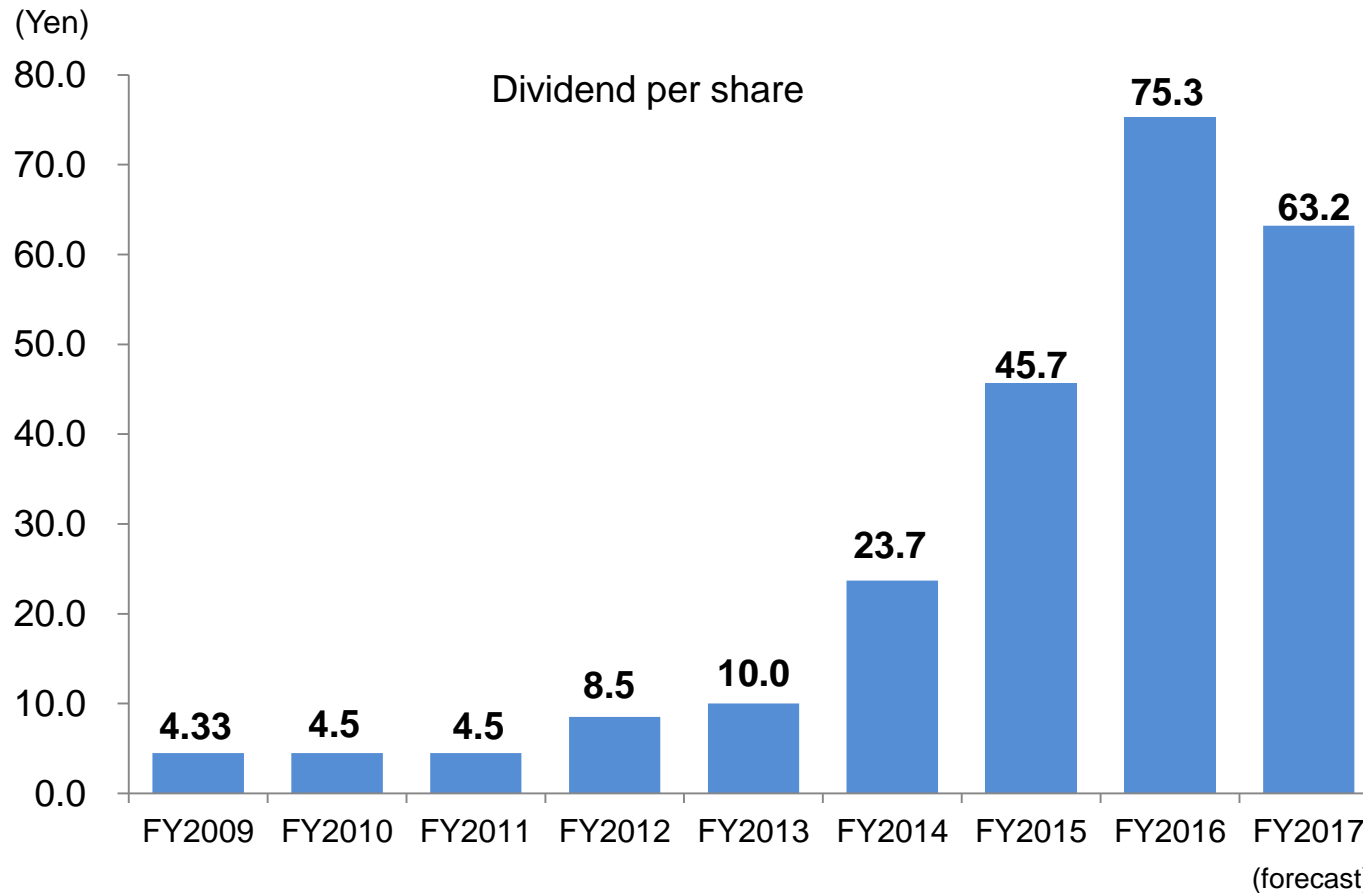
# Business Forecast by Segment

- Sales are estimated to grow in all segments.
- New business and Farm Co., Ltd. will be incorporated into other business.

Unit: Million yen, %			FY2016 actual	(Profit margin)	FY2017 forecast*	(Profit margin)	Change from forecast		
							Change	Pct. change	
Human Resources and Education Business	Factory Business	Net sales	30,111		34,299		4,187	13.9	
		Segment income	2,080	(6.9%)	2,242	(6.5%)	162	7.8	
	Technology Business	Net sales	10,334		11,818		1,484	14.4	
		Segment income	1,015	(9.8%)	940	(8.0%)	-74	-7.4	
	R&D Business	Net sales	5,533		6,400		867	15.7	
		Segment income	571	(10.3%)	582	(9.1%)	10	1.9	
	Sales & Marketing Business	Net sales	5,654		6,500		845	15.0	
		Segment income	296	(5.3%)	397	(6.1%)	100	33.9	
	Total (reference)		Net sales	51,633		59,018		7,384	14.3
			Segment income	3,964	(7.7%)	4,163	(7.1%)	198	5.0
Real Estate Business	Real Estate Business	Net sales	34,481		50,685		16,204	47.0	
		Segment income	5,171	(15.0%)	3,702	(7.3%)	-1,468	-28.4	
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	7,742		10,198		2,455	31.7	
		Segment income	244	(3.2%)	245	(2.4%)	0	0.3	
Other	Others	Net sales	476		3,943		3,467	727.8	
		Segment income	17	(3.7%)	36	(0.9%)	18	103.9	
Total		Net sales	94,334		123,846		29,512	31.3	
		Elimination or corporate	-1,990		-1,877		( — )	( — )	
		Operating income	7,407	(7.9%)	6,270	(5.1%)	-1,137	-15.4	

# Shareholder Returns

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.

# For More Information

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