



**WORLD HOLDINGS**

## FY2017 Second Quarter Financial Results



August 21, 2017 (Mon.)

WORLD HOLDINGS CO., LTD.

First Section of Tokyo Stock Exchange (2429)



**I. Summary of FY2017 Second Quarter Financial Results**

**II. FY2017 Business Forecasts**

**III. Progress of New Mid-term Managerial Plan 2021**



# **1. Summary of FY2017 Second Quarter Financial Results**

# Second Quarter Summary

- There was a significant increase in net sales, operating income, ordinary income and income.

Unit: Million yen, %

	FY2016/2Q actual	FY2017/2Q actual	YOY		Full-year budget*	Ratio to full- year budget
			Change	Pct. Change		
Net sales	41,608	<b>56,853</b>	15,245	36.6	123,846	45.9
Operating income	2,111	<b>2,981</b>	869	41.2	6,270	47.5
Ordinary income	2,088	<b>2,950</b>	862	41.3	5,936	49.7
Net income attributable to owners of parent	1,199	<b>2,061</b>	861	71.8	3,519	58.6

\*Announced on February 13, 2017

# Sales by Business Segment

- There was an increase in income in all segments in Human Resources and Education Business; in particular, there was a significant increase in both sales and profit in Factory Business.
- Real Estate Business and Information and Telecommunications Business have performed favorably.
- We have incorporated our agricultural park business performed by Farm Co., Ltd. into Others.

Unit: Million yen, %			FY2016/2Q actual		(Profit margin)		FY2017/2Q actual		(Profit margin)		YOY		Full-year budget*		(Profit margin)		Ratio to full- year budget	

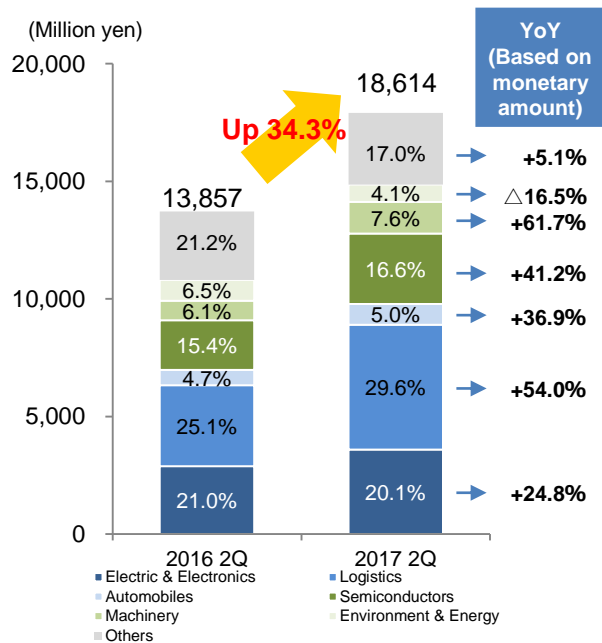
\*Announced on February 20, 2017

# Factory Business

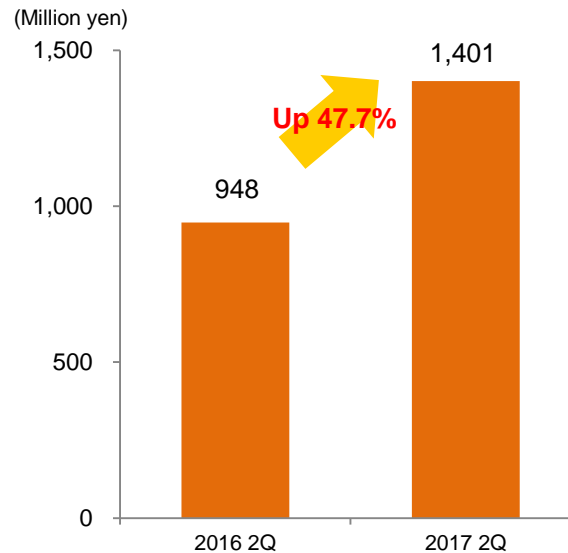
## <Sales composition by business segment and the number of staff>

- Our strengthened employment organization and human resource training system have been functioning effectively and we have achieved the fluidization of human resources. Therefore, we have won orders and smoothly started large projects at favorable conditions.
- In the logistics field, our large center operation track record and productivity improvement are valued highly and we are continuing to expand here.

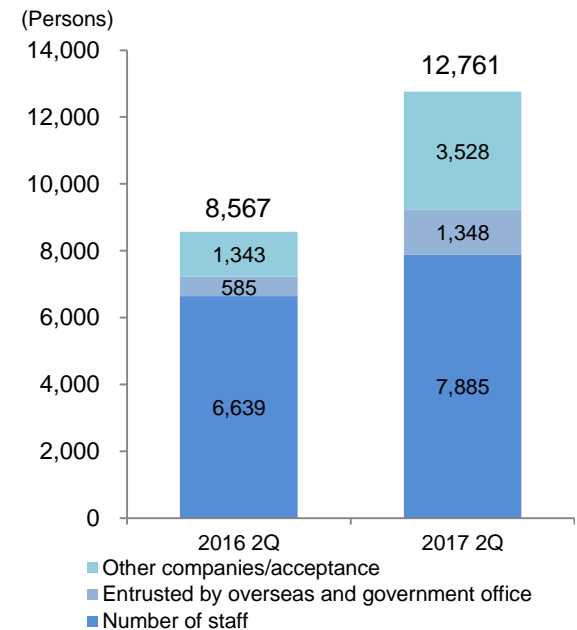
◆ Sales composition by business segment



◆ 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.

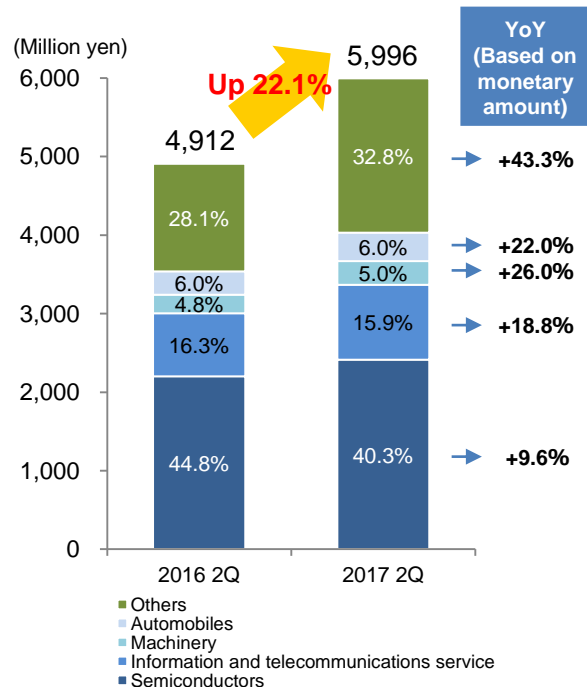
\*Number of staff included only staff members who are engaged in on-site operation work

# Technology Business

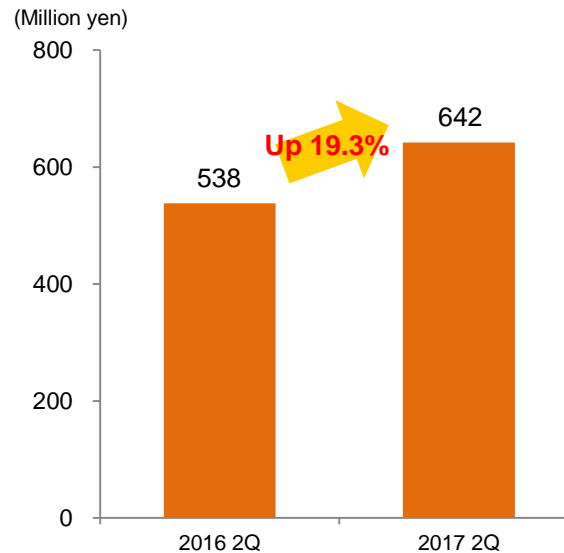
## <Sales composition by business segment and the number of staff>

- Our assignment pace, in which we have expanded the employment of newly graduated engineers beyond our plans, has contributed to an increase in sales and profit.
- We have launched the new Design Center Tokyo to train machine design engineers and expanded our curriculum for IT engineer training due to an expansion in the employment, training and assignment of those without experience.
- We have expanded our service areas and optimized personnel deployment in the repair section.

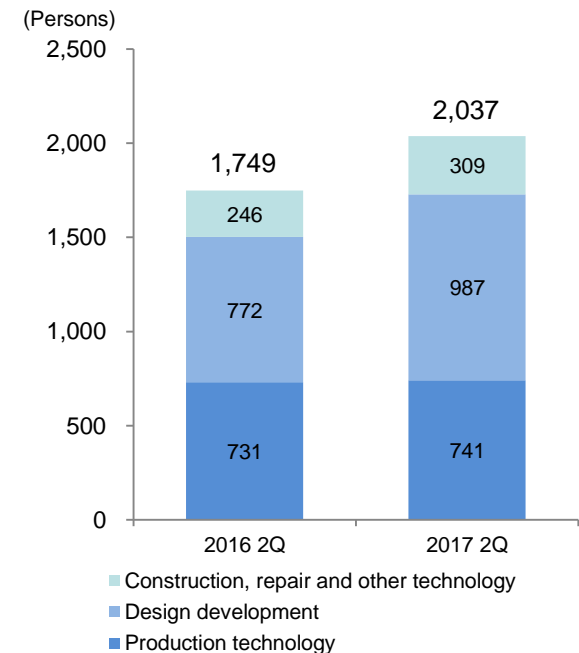
◆ Sales composition by business segment



◆ Segment income



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



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

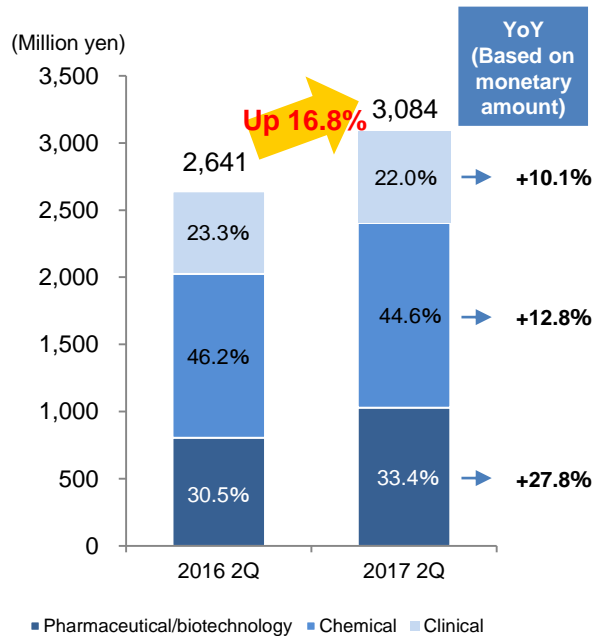
\*Number of staff included only staff members who are engaged in on-site operation work



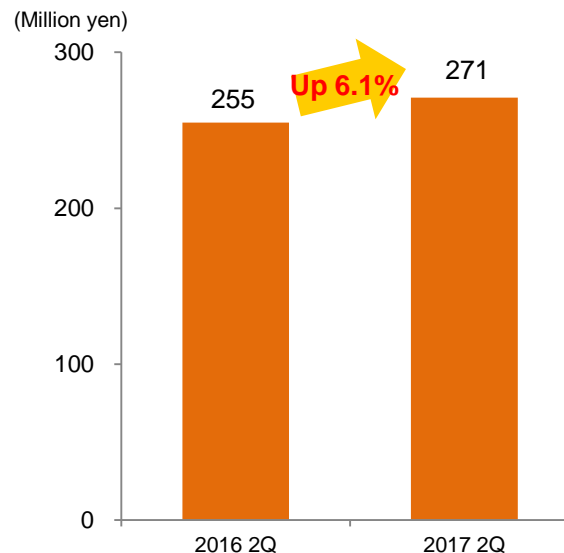
## <Sales composition by business segment and the number of staff>

- We have optimized contract charges by visualizing the skills, experience and evaluation of research employees.
- We have secured excellent newly graduated research employees by setting stricter employment standards to achieve early assignment with favorable conditions.
- DOT World Co., Ltd. strengthened the employment of monitor employees by employing and training new graduates and those without experience.

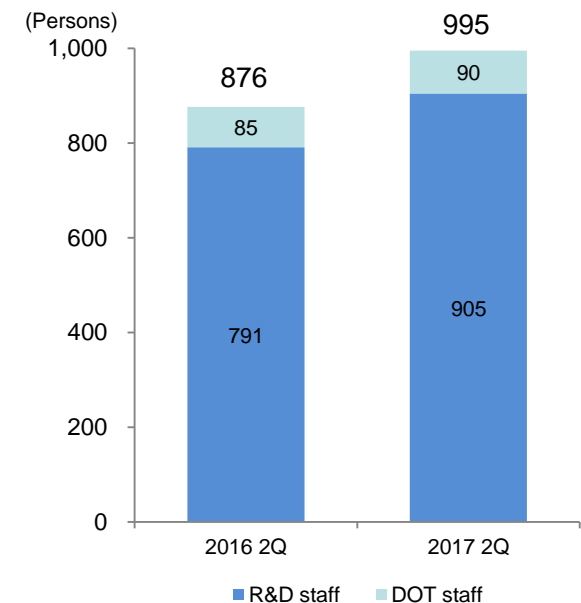
◆ Sales composition by business segment



◆ 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

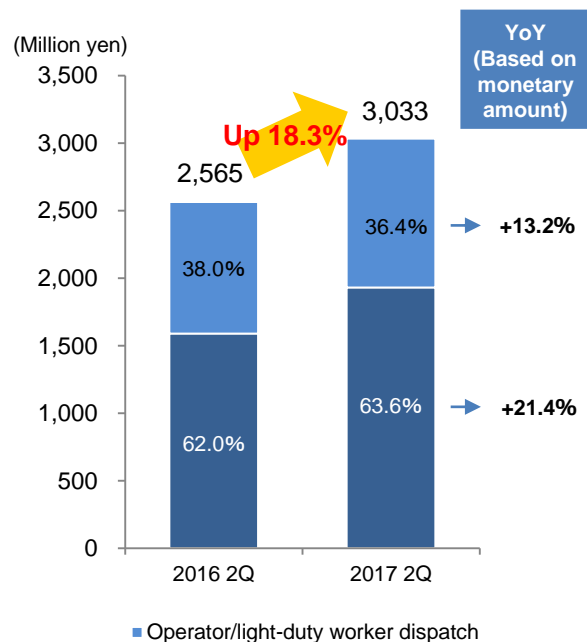


# Sales & Marketing Business

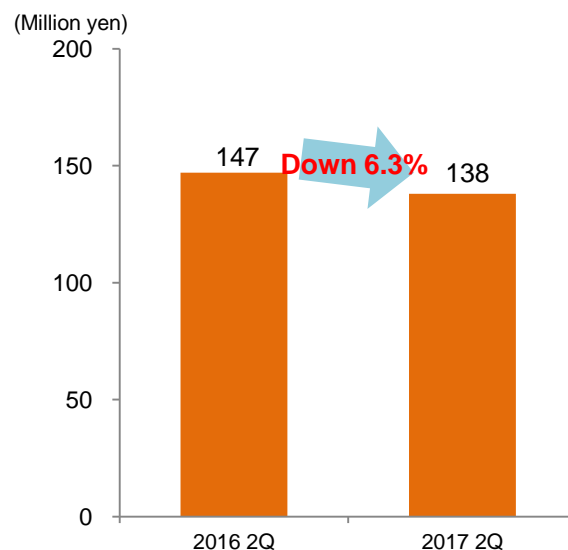
## <Sales composition by business segment and the number of staff>

- We are steadily expanding sales staff dispatch by expanding the jobs and industries we handle.
- We have improved our human resource management and assignment abilities. This has led to an improvement in the operating efficiency per operation staff member.

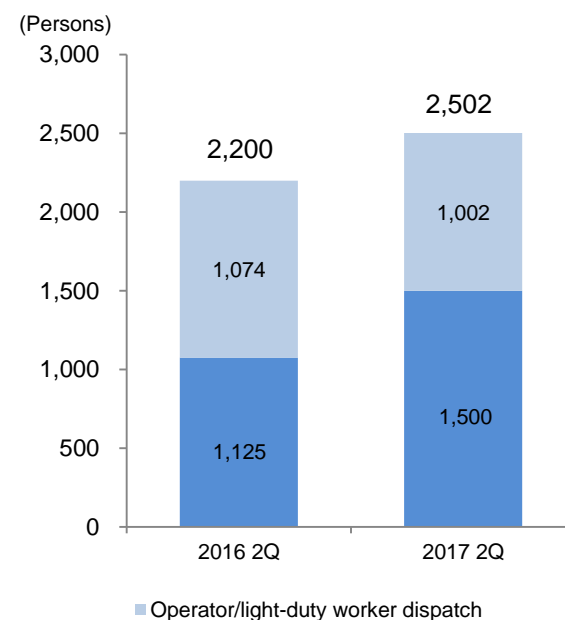
◆ Sales composition by business segment



◆ 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.

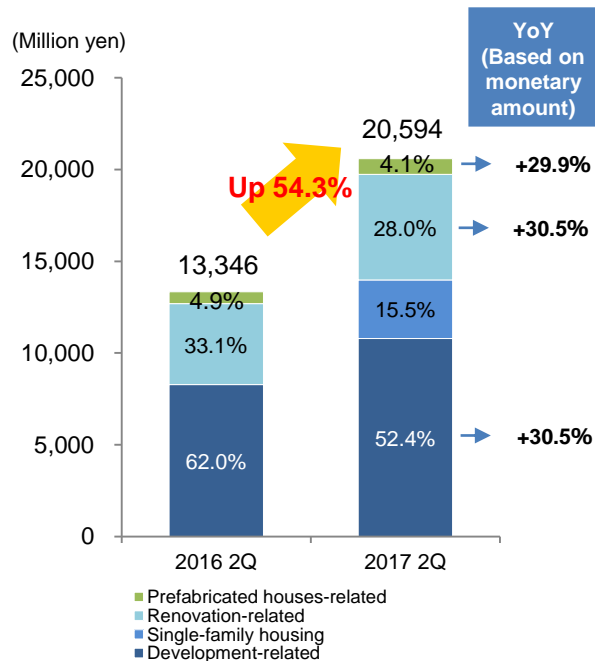
\*Number of staff included only staff members who are engaged in on-site operation work

# Real Estate Business

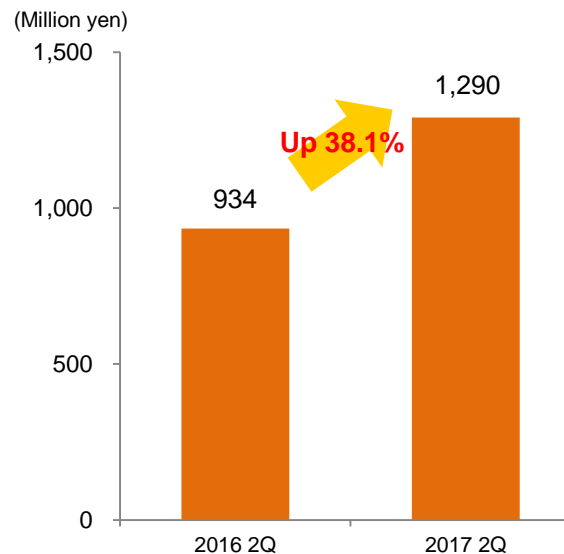
## <Sales composition by business segment and major activities>

- Development-related business is performing steadily despite the deviation from planning in business land handover.
- Single family housing business, mainly involving Hoei Construction Co., Ltd., is going as planned. We have opened a new model house in Tomakomai to expand our area in Hokkaido.
- In prefabricated houses-related business, inquiries for a new product of “Toilet House” have been favorable and we have increased orders in the Kyushu area that we expanded into in this term.

◆ Sales composition by business segment



◆ Segment income



◆ We opened a new model house in Tomakomai to expand our area in Hokkaido.



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



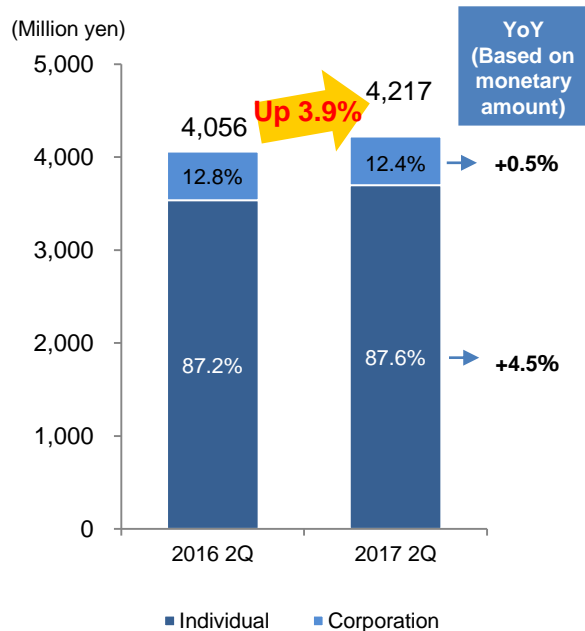
\*Single-family housing taken into account from 1Q of 2017

# Information and Telecommunications Business

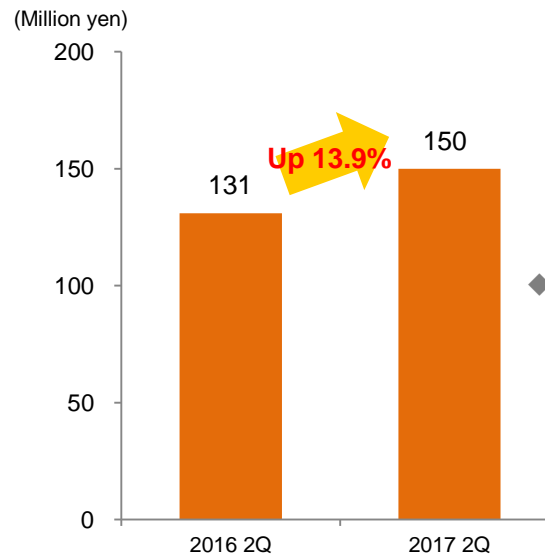
## <Sales and major activities>

- We are enjoying steady performance by continuing to strengthen our sales capabilities through environment improvement in terms of the relocation/enlargement of stores and education/training of sales staff.
- In terms of operations aimed at corporations, we have increased proposals for office comprehensive cost reduction solutions and LED lamps are performing steadily in our existing products.

### ◆ Sales for each target



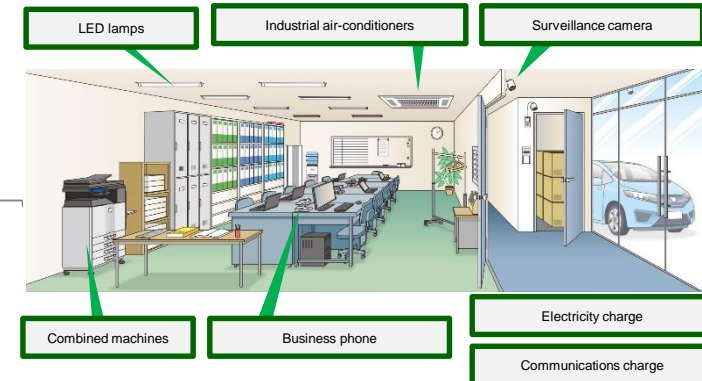
### ◆ Segment income



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



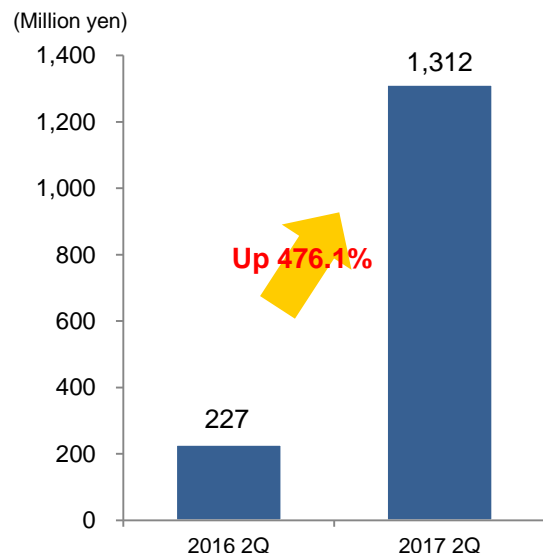
### ◆ Enrichment of products for corporations



## <Sales and major activities>

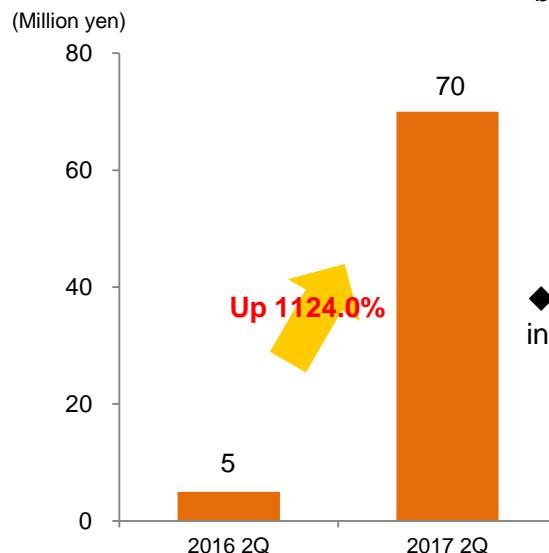
- Advan Corp Inc., which runs PC schools, has expanded its engineer training curriculum jointly with our Technology Business.
- We incorporated the agricultural park business performed by Farm Co., Ltd. in the second quarter. The high season of April and May was blessed with great weather and so performance was strong. We are working on improving customer satisfaction and the average amount obtained from each customer with appropriate personnel deployment.

### ◆ Sales



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

### ◆ Segment income



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

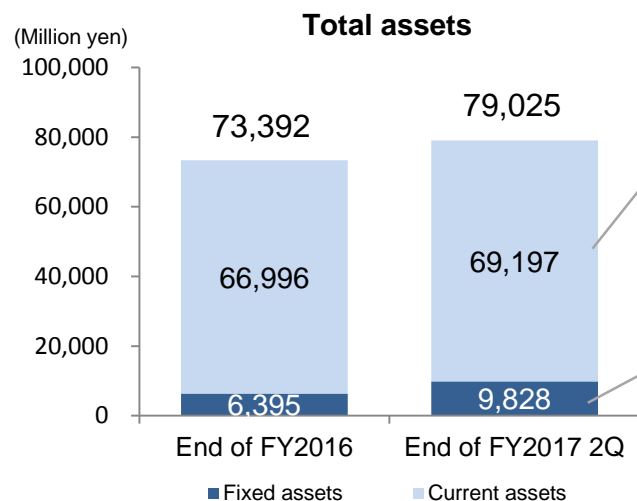


### ◆ We entered into the agricultural park business in the second quarter.



# Financial Condition B/S

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

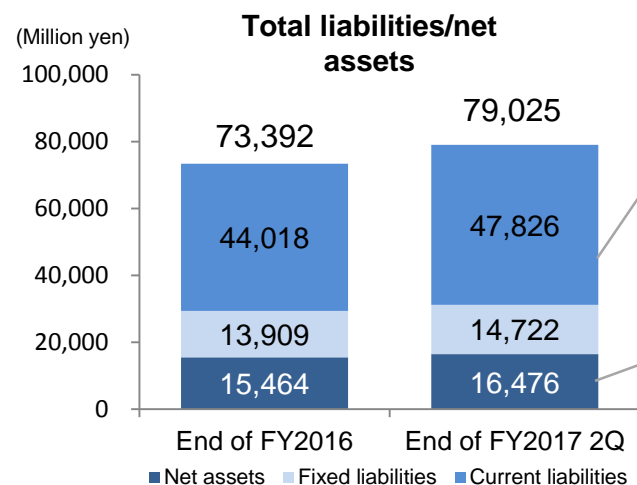


**Current assets** 69,197 (+2,201)

- Increase in real estate for sale 1,528 million yen

**Fixed assets** 9,828 (+3,432)

- Increase in property, plant and equipment\* 2,414 million yen  
\*Due to the acquisition of subsidiaries
- Increase in goodwill 643 million yen



**Liabilities** 62,549 (+4,620)

- Increase in short-term debt\* 4,216 million yen  
\*Money to purchase real estate for sale and acquire shares of subsidiaries

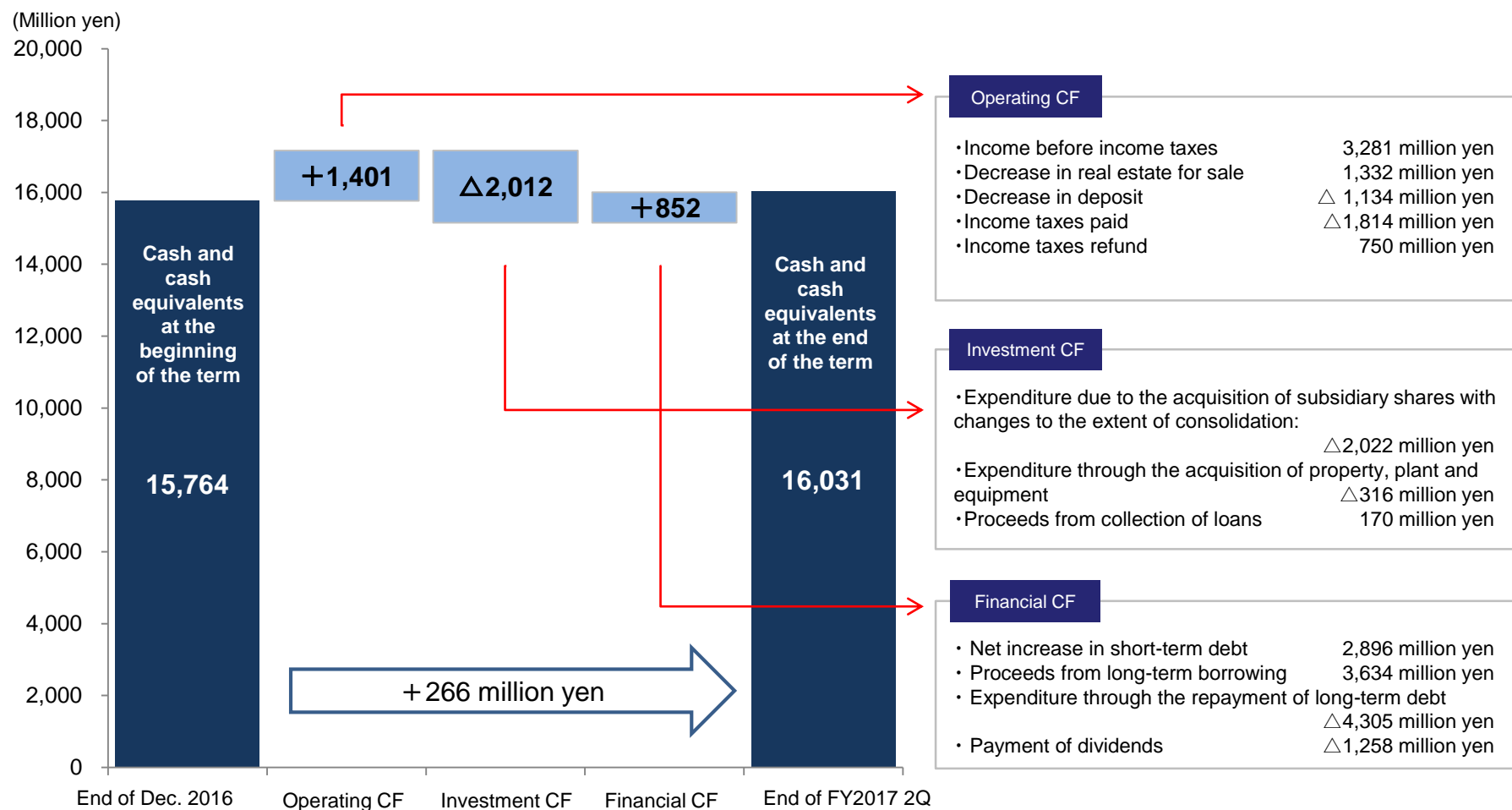
**Net assets** 16,476 (+1,012)

- Increase in retained earnings 784 million yen



# Cash Flows

- Operating CF was plus 1,401 million yen, investment CF was minus 2,012 million yen, and financial CF was plus 852 million yen.





## **II. FY2017 Business Forecasts**



# Summary of FY2017 Business Forecast

- Sales are estimated to grow for the 8th 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

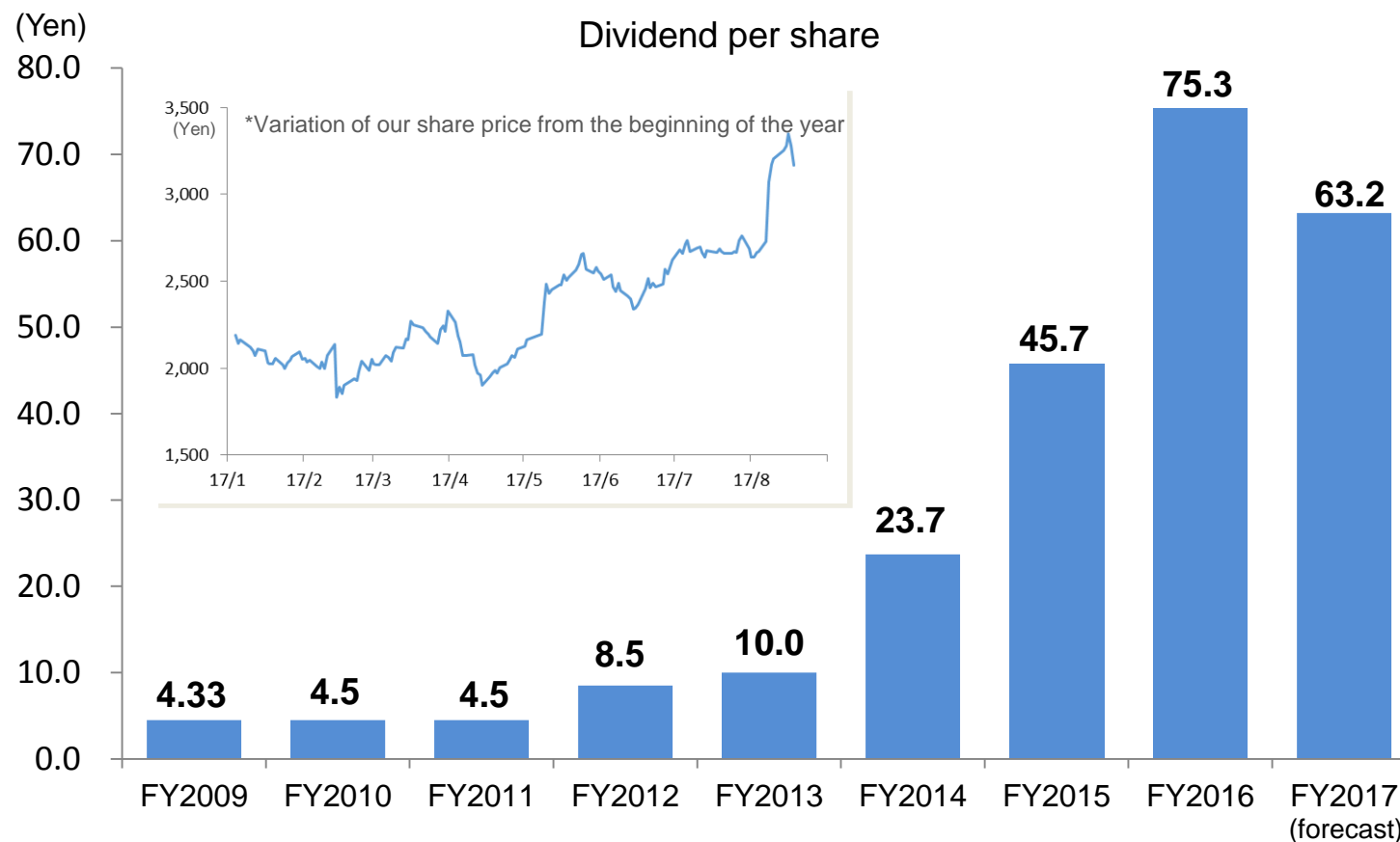
# Business Forecast by Segment

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

Unit: Million yen, %			FY2016 actual		FY2017 forecast		Change from forecast		
			(Profit margin)		(Profit margin)		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

## 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.

### **III. Progress of New Mid-term Managerial Plan 2021**

## <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”

**<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

# Mid-term Managerial Plan: First Half Summary

	Human Resources and Education Business	Real Estate Business	Telecommunications Business	Other
Environment	Amendments to laws (Dispatch Act and Labor Contract Act) Sudden jump in the job opening-to-application ratio (Declining labor force)	Sudden jump in prices (Land, material and personnel expenses) Emergence of regional differences (Sales situation, prices, etc.)	Market saturation (Decrease in shipments) Intensification of competition (Competition due to the three major carriers, sub-brands and MVNO)	Decline in the competitive environment (Elimination of competitors' facilities) Population decrease (Decrease in the number of visitors)
Challenges	Compliance Human resource employment	Market adaption Regional environment adaption	Stores that can beat the competition New product development	Secure visitors Capital investment
Areas of concentration	Human resource teams + Mobilization	Stable business promotion	Three major carriers	Drafting and execution of a regeneration plan



**We have reaffirmed the degree of accuracy of our mid-term managerial plan as assumed together with environmental changes, challenges and policy movements**

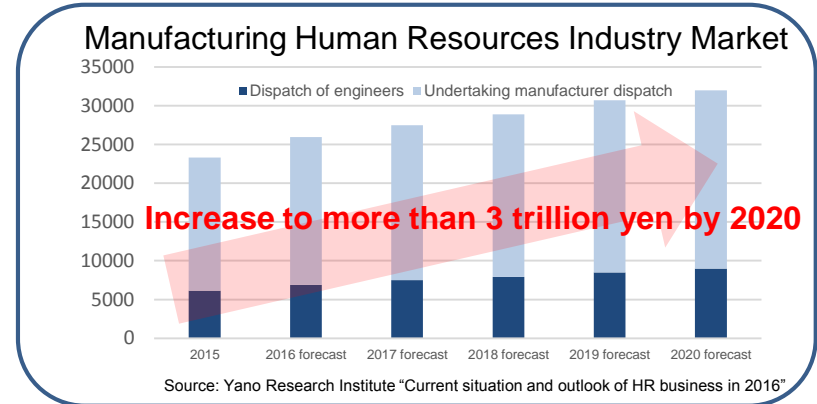
# Human Resources and Education Business

## Changes in the Market Environment and the Impact on the Human Resources Industry

### Acceleration in the Shortfall of Human Resources



### Increase in the Reliance on the Human Resources Industry



#### Business environment

- \*Amendments to laws
- \*Lack of HR
- \*Accelerated outsourcing

#### Project changes

- \*Larger
- \*Higher skills
- \*Shorter delivery times

#### Requirements

- \*More flexible response
- \*Provision of better HR
- \*Business conducted by team



**Expansion in needs for human resource companies that have reliably perceived environmental changes**



# Human Resources and Education Business

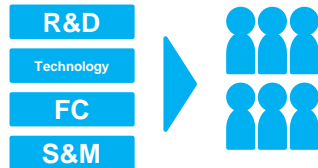
## State of Progress on the Mid-term Managerial Plan

### Efforts to Secure Human Resources and Support Projects

#### Recruitment

= Extensive human resource employment =

Annual number of workers employed: 9,983  
Of these, about 4,000 workers are short-term operators (e.g. S&M) (2016 results)



- \*Extensive business areas
- \*Significant expansion in the employment of new graduates
- \*Construction of a consortium

#### Cultivation

= Training and assignment of high-quality human resources =

We have developed more than 100 training programs  
Number of business leaders who have completed training: 480 (As of the end of June 2017)



- \*Construction and provision of attractive workplaces
- \*Attractive roadmap

#### Training programs



- \*Training of organization management human resources
- \*Training of professional human resources
- \*Training of specialist human resources

#### Organization

= Organization of trained human resources =

Number of registered personnel: 19,365 (As of the end of June 2017; including those accepted by other companies)



- \*Advance into even more advanced areas and higher skill fields
- \*Organization by business/field
- \*Human resource development by OJT

**Achieve the construction of a foundation necessary for future growth**

# Human Resources and Education Business

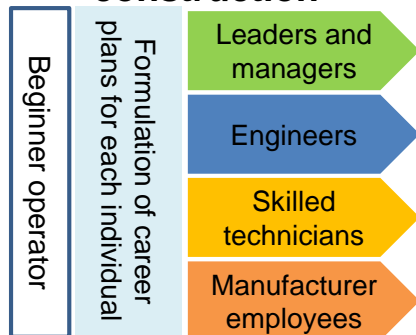
## State of Progress on the Mid-term Managerial Plan

Construction of a Technical Training Foundation

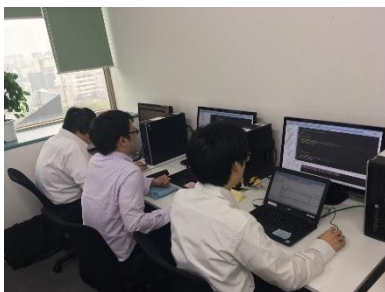
=== Skill and career enhancement + Expansion of employment standards ===

### Mechanism Development

= Career path construction =



= Teaching material development =



\*Employee growth roadmaps

\*Improvement of the education structure

\*Launch of educational software jointly developed with ADVAN

### Infrastructure Development

= Educational facilities =



\*Opened Design Center Nagoya (May 2016)

\*Opened Design Center Tokyo (June 2017)  
(Skills and knowledge of three dimensional CAD)



\*FC Technical Center (May 2016)

(Skills and knowledge of maintenance, preservation and equipment operation)

## Total number of trainees: 233

(As of the end of June 2017)

## Promote the further enhancement of content and expansion of fields

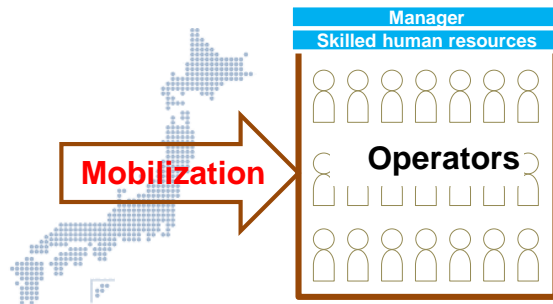
# Human Resources and Education Business

<Response to changing market needs>

## Existing Needs

**Secure human resources with  
“mobilization”**

**= Ability to assemble the necessary  
human resources and number of  
workers by a deadline =**

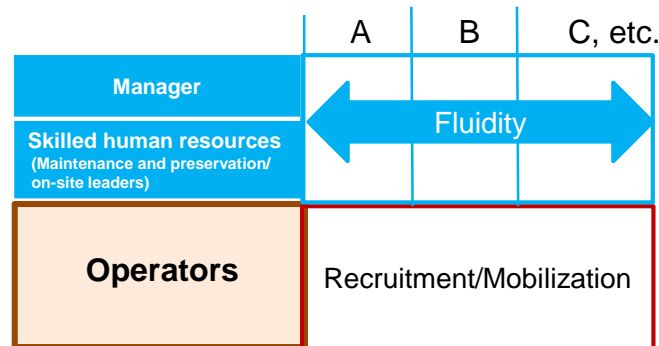


## Future Needs

**“Fluidity of skilled human resources”  
and “human resource teams”**

**= High quality operation abilities through the  
fluidity of skilled human resources in teams =**

**= Mobilization of appropriate operators in a  
timely manner =**



**Construct a mechanism  
capable of organization  
management**

Foster the ability to bring together teams  
and smoothly run offices

**It is essential to have a training  
environment for management + skill  
education**

**Construct an organization hierarchy with  
human resource development**

Develop a lecture and human resource  
system to match employees (e.g. segment  
and years of experience)

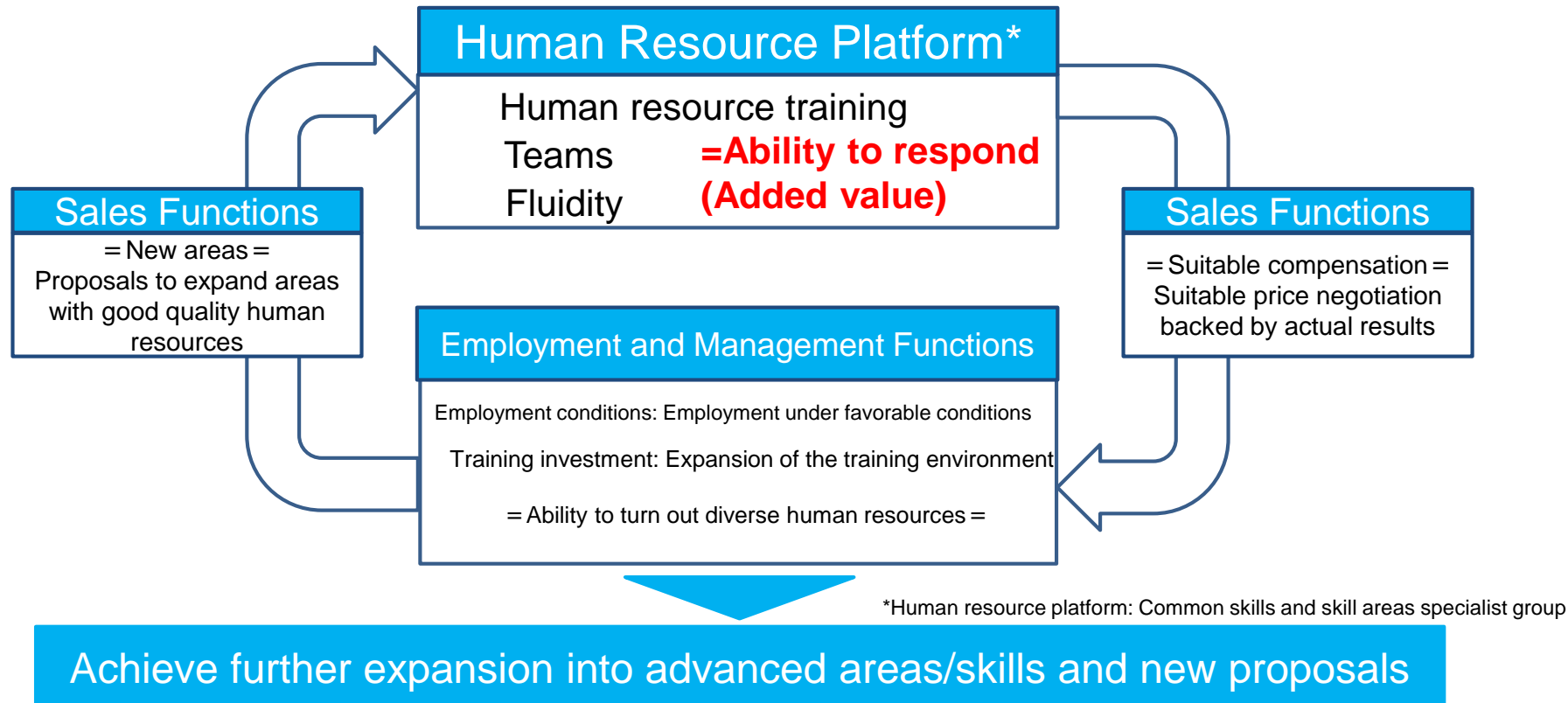
**“From an improvised employee group to an arranged fluid human resource organization”  
The strength of human resource fluidity functions turns into added value**

# Human Resources and Education Business

## Our Competitive Advantage

Develop expansion into new areas centered on a human resource platform with the “ability to respond”

It is possible to implement various measures for our over 19,000 registered workers



**Achieve a sustainable growth cycle with the human resource platform**

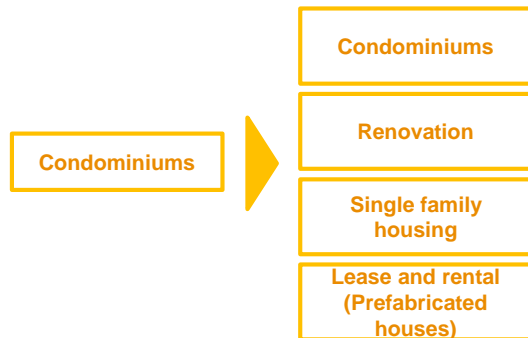
# Real Estate Business

## State of Progress on the Mid-term Managerial Plan

### Expansion of Business Areas

Stable management

#### Expansion into four businesses



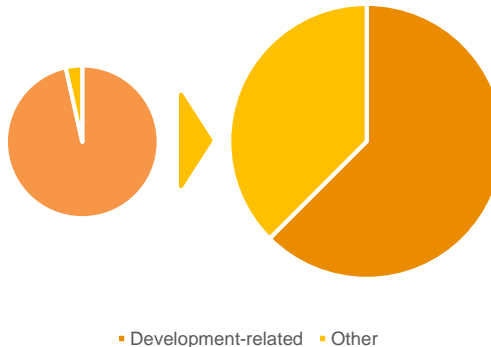
Renovation-related : Mikuni  
Lease and rental-related:  
Omachi World  
Single family housing-related:  
Hoei Construction

### Changes in the Composition Ratio

Capital turnover rate improvement

#### Development-related business sales ratio

96.5%→62.5%  
(2014) (2016)



Development to business with a short recover period  
It is possible to optimize the handover timing of development-related business taking into account ROI  
Construction of a fundraising structure in the real estate segment

### Expansion of Areas

Expansion strategy by region

#### Development across Japan



Clarification of target regions  
Development-related: Main cities  
Single family housing-related: Main cities  
Renovation-related: Development across Japan  
Lease and rental-related: Development across Japan

## Reliable progress on building a structure for stable management



# Real Estate Business

## Property Examples

### ■ Company developed condominium building



ONE PARK RESIDENTIAL TOWERS  
<Miyagi Prefecture>

### ■ House property example (Hoei Construction)



Original brand "Challenge 999"

### ■ Renovation examples



Before renovation



After renovation

# Real Estate Business

We are promoting steady real estate business without enlargement

## Expansion into New Fields

### Stable management

We will make all newly launched businesses profitable within two years

Development	Single family housing
Renovation	Lease and rental (Prefabricated houses)

<How to think of M&A strategy>”



We will achieve fast growth business development and low loss segment construction with M&As through the acquisition of businesses that will become “seeds” possessing human resources and expertise.

## Basic Strategy of Existing Businesses

### Supply on a reasonable scale

Sales and high profitability type:  
1,000 condominiums  
1,500 single family houses



Sales and medium profitability type:  
1,500 renovated units

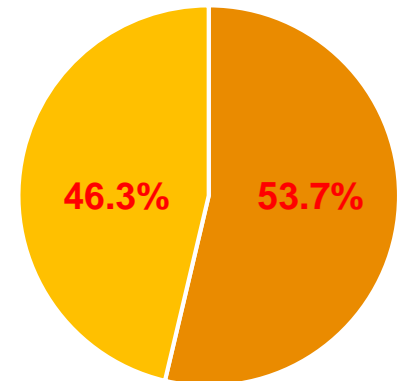


We will operate business on a reasonable scale to maximize profit and control excessive investment. We will not look to unreasonably increase in size.

## Sales Composition

Development-related business sales ratio

**53.7%**  
(2021 plan)



■ Development-related ■ Other

We will promote our development ratio with the 50 to 59% range serving as our guide by 2021.

## Investment in area expansion based on stable existing business





# Information and Telecommunications Business

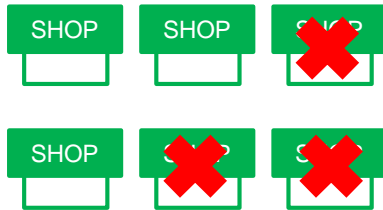
## State of Progress on the Mid-term Managerial Plan

### Scrap

Concentrate on  
excellent stores

No. of directly managed stores:  
65 → 33

Improved profit:  
4 million yen → 245 million yen  
(Results in FY2015 → As of the second  
quarter in 2017 for both)



Close unprofitable stores  
Transfer of human resources to  
excellent stores  
Significant improvement in our  
profit ratio

### Build (Expansion of Areas)

Expand new areas

Promote an increase in  
directly managed stores in  
existing and new areas

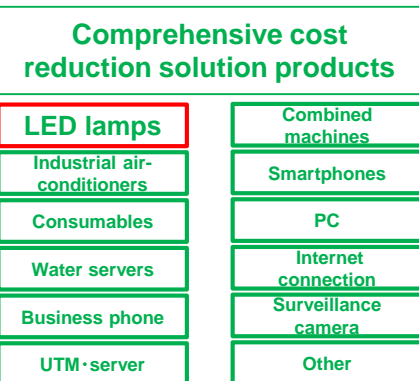


Start selection of  
development areas  
Start M&A target dealer  
investigation

### Expansion of Products

Expand corporate  
sales

No. of LED sales:  
More than 35,000 per year  
(FY2016 results)



Expand products to respond  
to a reduction in office costs  
Training and development of  
corporate sales human  
resources

**We are making steady progress on preparations toward expansion to be No. 1 in Kyushu.**

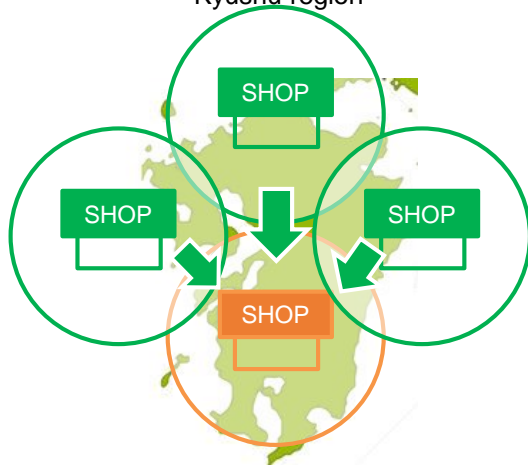
# Information and Telecommunications Business

We have an expansion strategy that recognizes there is a transition phase from points to aspects

## Construction of the No. 1 Store Network

### Regional share monopoly with a dominant strategy

Covers the market share of Fukuoka Prefecture with a store network  
We will ultimately increase our market share taking into view the entire Kyushu region

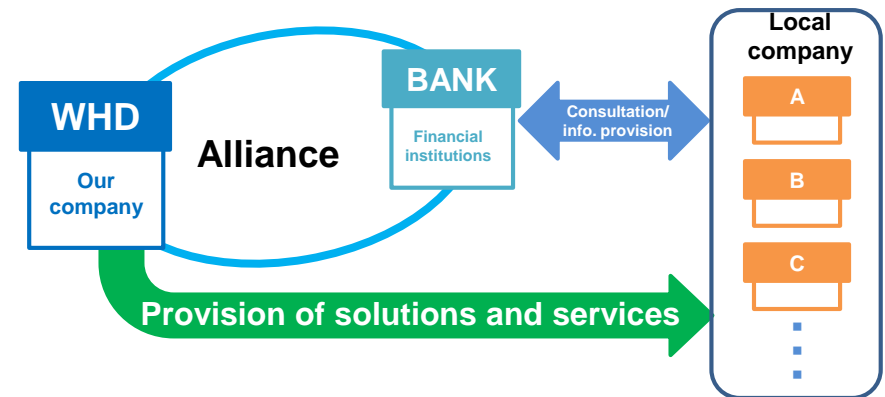


We will aim to discover acquisition target stores in the vicinity and increase stores by advancing our monopolization of the market share through close store formation in areas where we have opened stores.

## Community-based Corporate Sales

### Cooperation with financial institutions, etc.

Full support within the Kyushu area from SMEs to large customers



We will look to be the number one office support company in the Kyushu area by building a community-based sales structure focused on SMEs through cooperation with financial institutions with strengths distinctive of local areas.

## Build reliable business foundations toward our second growth phase

# Others

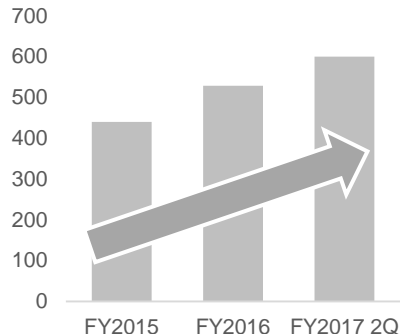
## State of Progress on the Mid-term Managerial Plan

### Advan

Expansion in the number of students

**No. of students:  
600**

**No. of schools: 10**  
(As of the end of June 2017)



Hold seminars to acquire students  
Acquire students through software development  
Cooperate with the Technology Business

### Farm

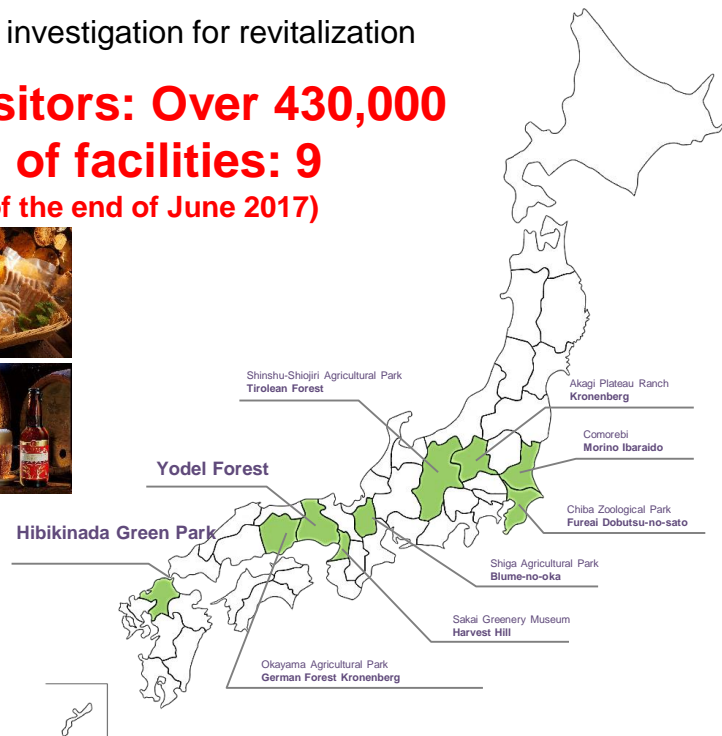
Factual investigation for revitalization

**No. of visitors: Over 430,000**

**No. of facilities: 9**  
(As of the end of June 2017)



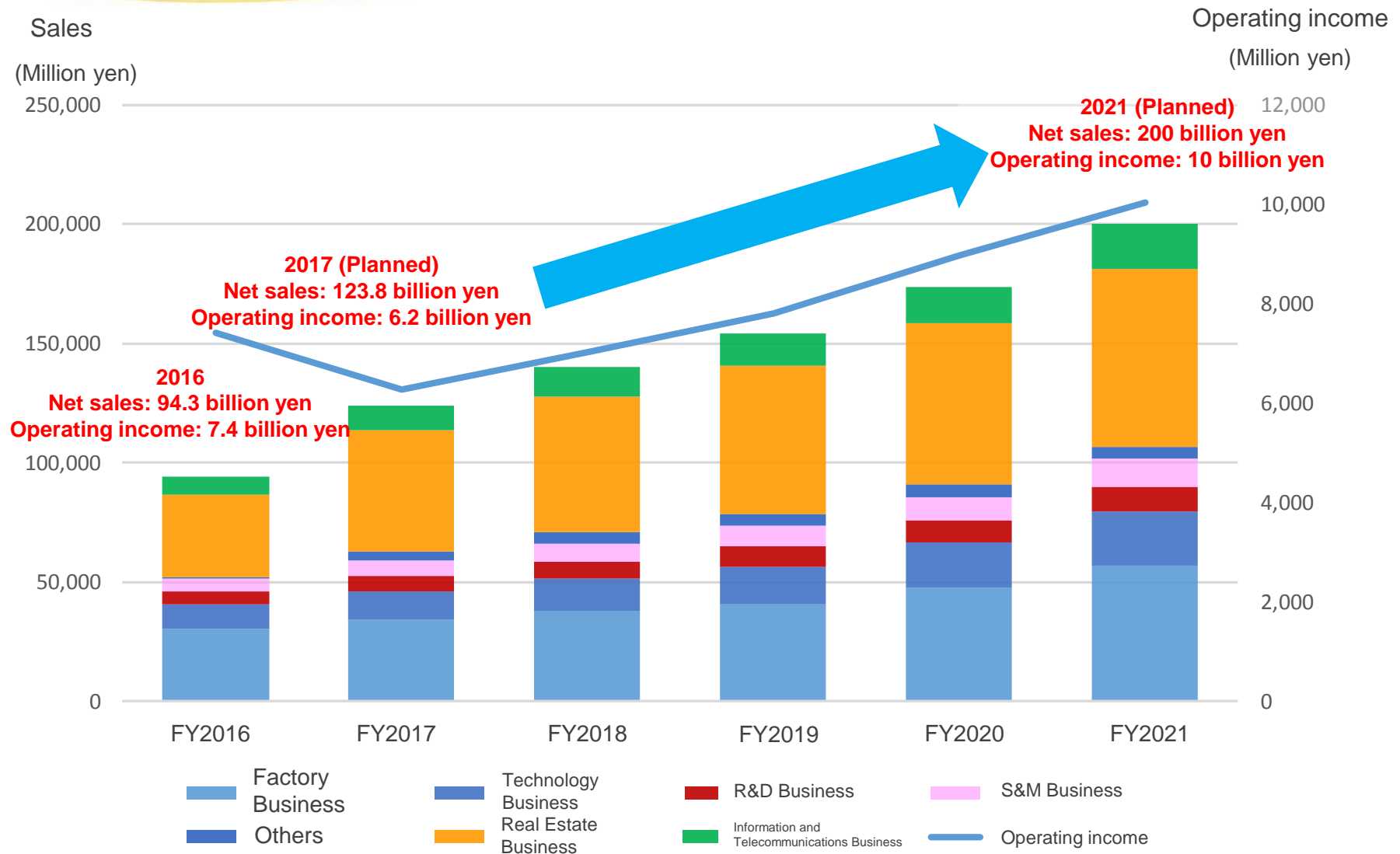
Manufactures and sells its own sausages, confectionaries and beer.



Investigation of facility management, customer response and necessary investment content  
We will move to the investment stage after formulating a plan

## Establishment of scale as a segment centered on Farm

# Quantitative Targets

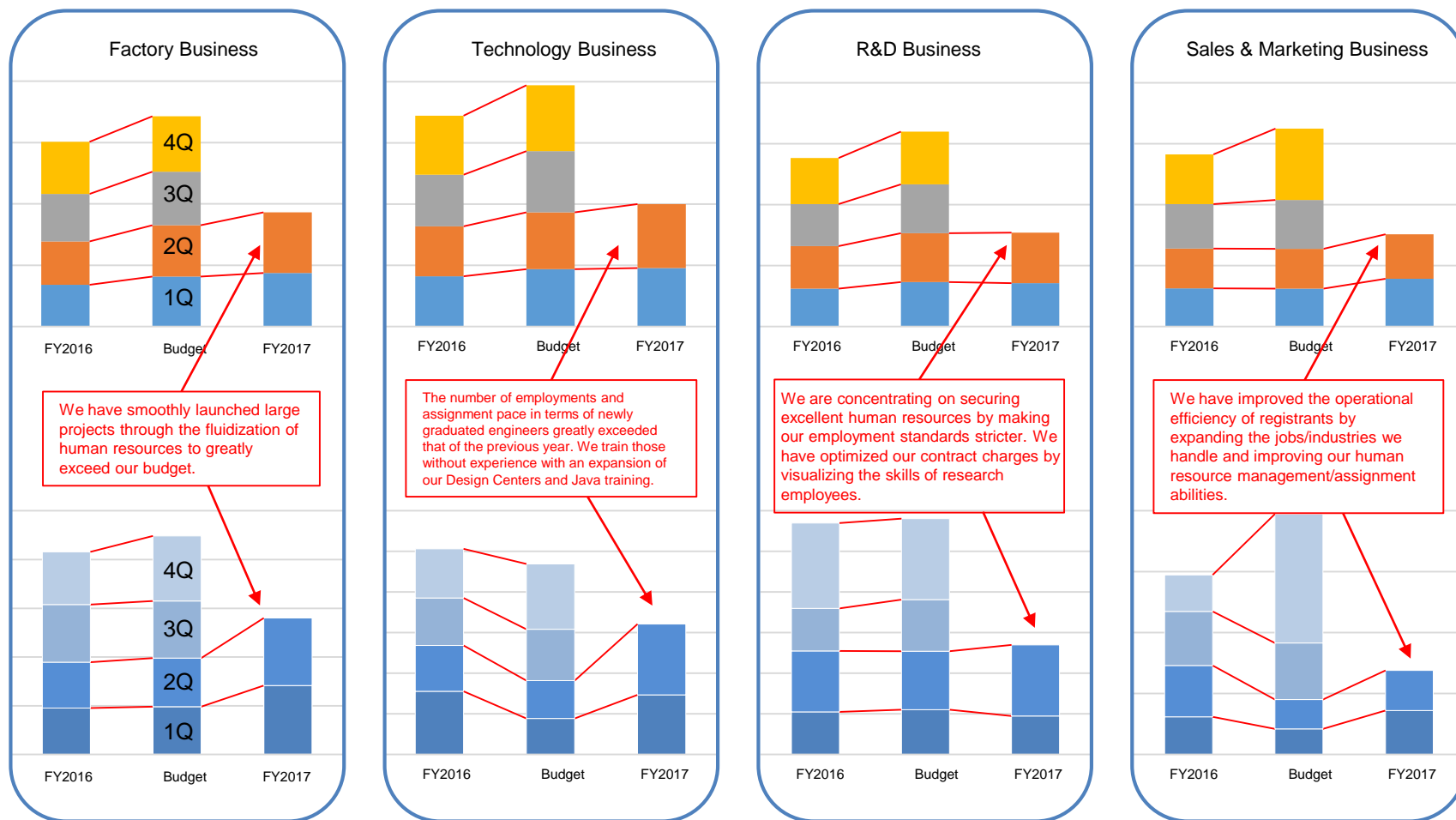


# Appendix

A decorative graphic consisting of several overlapping, wavy lines in shades of blue and yellow, flowing from the left side towards the right side of the page.

# Budget Progress by Segment: Human Resources and Education Business

We have exceeded our budgeted sales and segment income in all segments



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

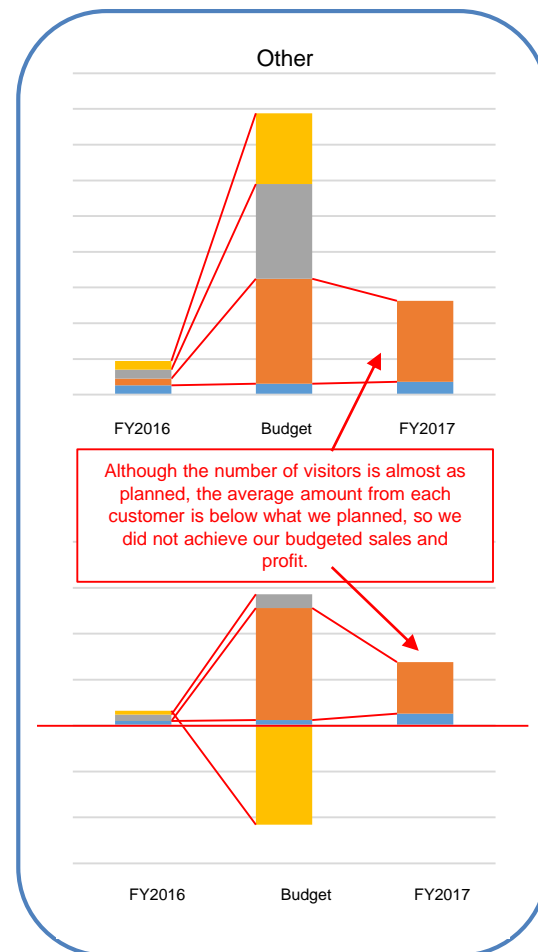
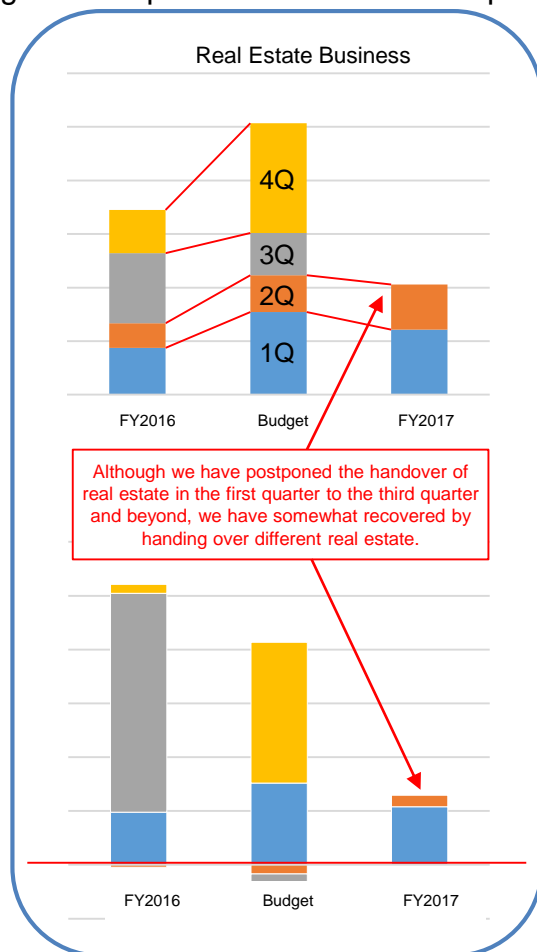


# Budget Progress by Segment: Real Estate Business, Information and Telecommunications Business and Other

As for Real Estate Business, delivery of real estate in 1Q was postponed till the second half or later, but delivery of the other real estate helped improve performance slightly.

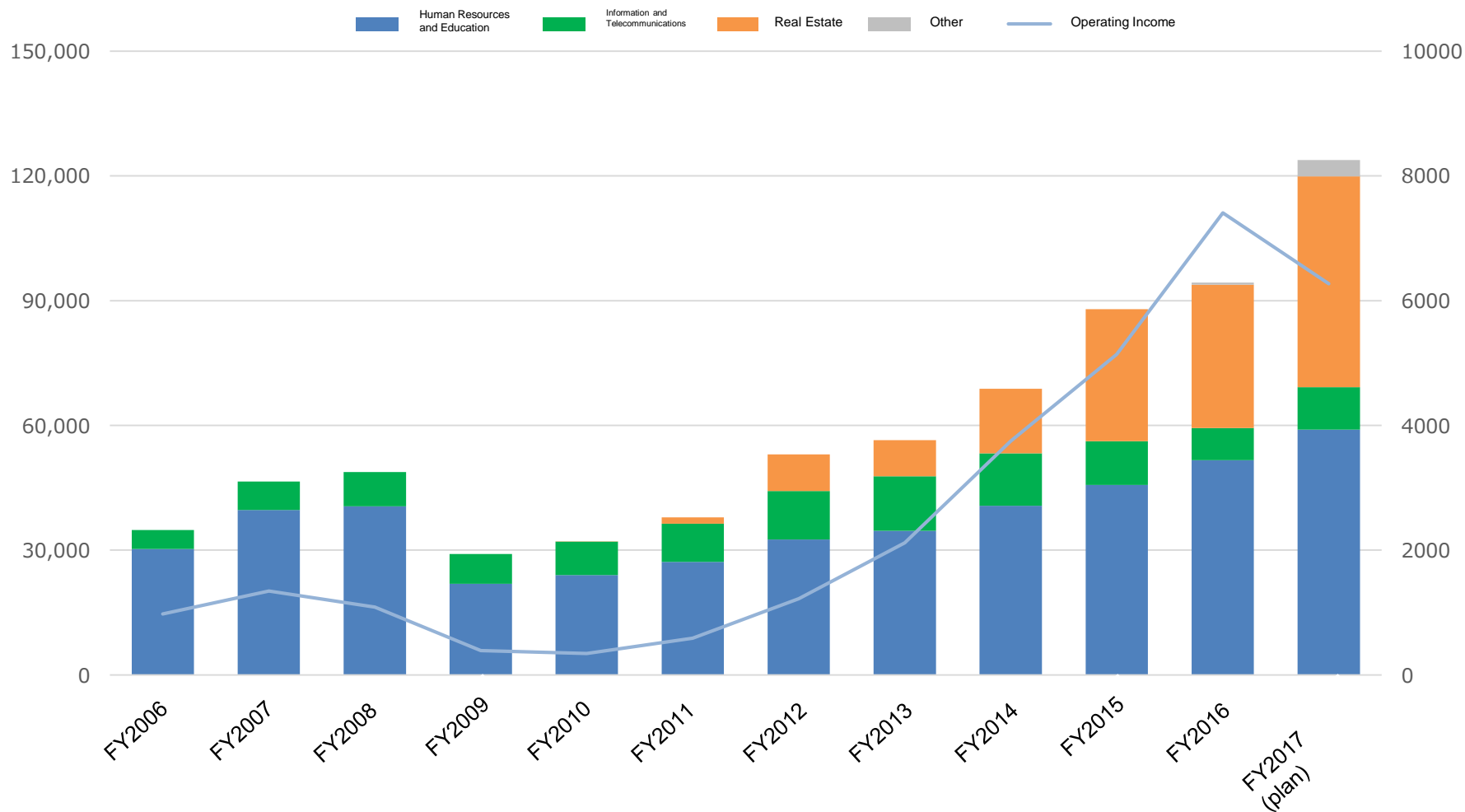
As for Information and Telecommunications Business, profit exceeded the budget thanks to the stable operation via the largest store network in Kyushu.

Agricultural park business was incorporated into Others in 2Q.





# Variation of Sales and Operating Income



# For More Information

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