



Reference Materials for Describing the Results  
for the Term Ended Dec. 2016

Mon., Feb. 20, 2017  
World Holdings Co., Ltd.  
First Section of Tokyo Stock Exchange (2429)



- I . Overview of the Financial Results for the Term Ended Dec. 2016
- II . Earnings Forecast for the Term Ending Dec. 2017
- III. New Mid-term Managerial Plan 2021

## I . Overview of the Financial Results for the Term Ended Dec. 2016



# Summary of the Term Ended Dec. 2016



- Net Sales grew for 7 consecutive terms and income increased for 6 consecutive terms, both marking a record high.
- Thanks to income-emphasized measures, operating, ordinary, and current net incomes exceeded respective estimates considerably.
- The dividend amount increased to 75.3 yen/share.

Units: million yen, %

	Results for the term ended Dec. 2015	Results for the term ended Dec. 2016	YoY		initial estimate	Result revised estimate ratio	
			Change	Pct. Change		Change	Pct. Change
Net sales	87,984	<b>94,334</b>	6,350	7.2	100,111	Δ 5,777	94.2
Operating income	5,137	<b>7,407</b>	2,270	44.2	6,275	1,132	118.0
Ordinary income	5,133	<b>7,306</b>	2,172	42.3	6,153	1,153	118.7
Net income attributable to owners of parent	3,810	<b>4,192</b>	381	10.0	3,814	377	109.9
Income per share [yen]	228.05	250.92	22.87	10.0	228.27	22.65	109.9
Dividend per share [yen]	45.7	<b>75.3</b>	29.6	64.8	68.5	6.8	109.9

※Announced on Feb. 3, 2016

# Sales by Business Segment



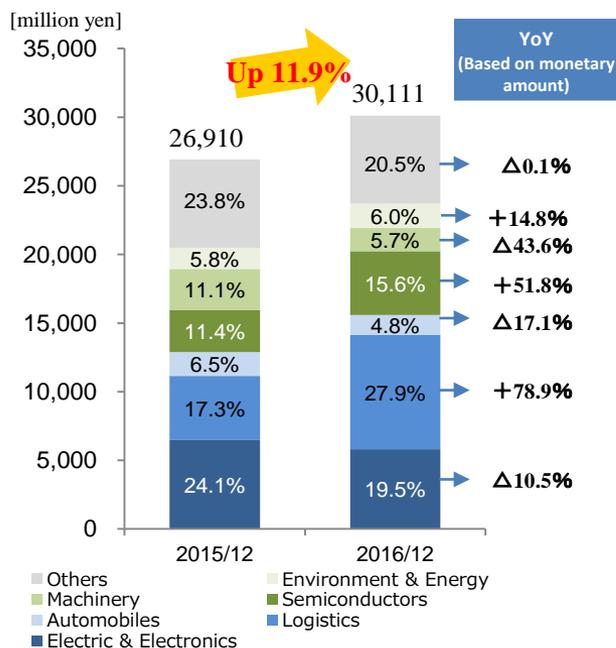
- In the Human Resources and Education Business, we faced difficulty in recruiting personnel, but it was covered by the cooperation among segments. Due to the strengthening of the recruiting division, we were able to recruit more new graduates and mid-career workers, contributing to the growth in net sales and income.
- In the real estate business, we transferred real estate under favorable conditions grasping the market trend, boosting sales significantly.
- In the information and telecommunications business, our investment led to the streamlining of store and personnel management, recovering revenue.

Units: million yen, %			Result for the term ended Dec. 2015		Result for the term ended Dec. 2016		YoY		Initial estimate		Result revised estimate ratio
				(Profit margin)		(Profit margin)	Change	Pct. Change	(Profit margin)		
Human Resources and Education Business	Factory Business	Net sales	26,910		30,111		3,201	11.9	32,571		92.4
		Segment income	1,801	(6.7%)	2,080	(6.9%)	279	15.5	2,316	(7.1%)	89.8
	Technology Business	Net sales	9,547		10,334		786	8.2	10,669		96.9
		Segment income	989	(10.4%)	1,015	(9.8%)	25	2.6	952	(8.9%)	106.6
	R&D Business	Net sales	4,755		5,533		778	16.4	5,650		97.9
		Segment income	518	(10.9%)	571	(10.3%)	53	10.3	565	(10.0%)	101.1
	Sales & Marketing Business	Net sales	3,972		5,654		1,682	42.4	5,525		102.3
		Segment income	218	(5.5%)	296	(5.3%)	78	35.7	296	(5.4%)	100.2
Total (for reference)		Net sales	45,185		51,633		6,448	14.3	54,963		93.9
		Segment income	3,527	(7.8%)	3,964	(7.7%)	436	12.4	4,157	(7.6%)	95.4
Real Estate Business	Real Estate Business	Net sales	31,785		34,481		2,696	8.5	37,092		93.0
		Segment income	3,061	(9.6%)	5,171	(15.0%)	2,109	68.9	3,921	(10.6%)	131.9
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	10,522		7,742		Δ2,779	Δ 26.4	8,056		96.1
		Segment income	4	(0.0%)	244	(3.2%)	239	4,976.0	200	(2.5%)	122.2
Others	Other Business	Net sales	491		476		Δ15	Δ 3.1	547		87.0
		Segment income	15	(3.2%)	17	(3.7%)	2	14.0	26	(4.8%)	66.9
Total		Net sales	87,984		94,334		6,350	7.2	100,111		94.2
		Elimination or corporate	Δ1,472		Δ1,990		Δ517	35.2	Δ2,003		99.3
		Operating income	5,137	(5.8%)	7,407	(7.9%)	2,270	44.2	6,275	(6.3%)	118.0

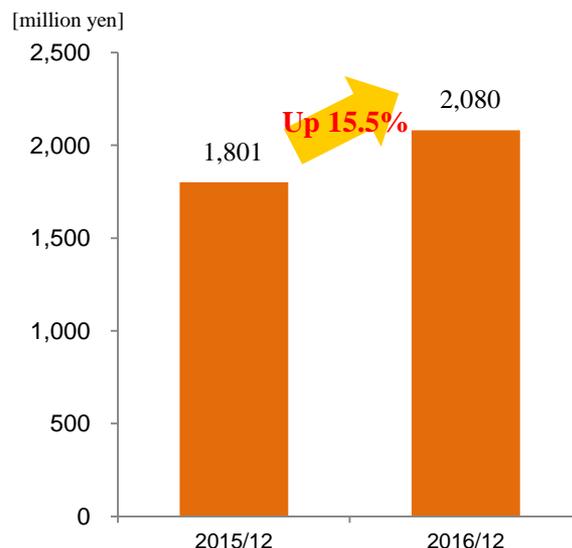
## < Sales composition by business segment and the number of staff >

- In the logistics field, we smoothly coped with the busy season in Oct. to Dec. in cooperation with other segments and affiliated companies with which we have fostered relations.
- In the manufacturing field, the sales of semiconductors for car electronics and smartphones grew steadily.
- We will improve recruitment and the retention rate of employees by making their working and living environments more comfortable with clients.

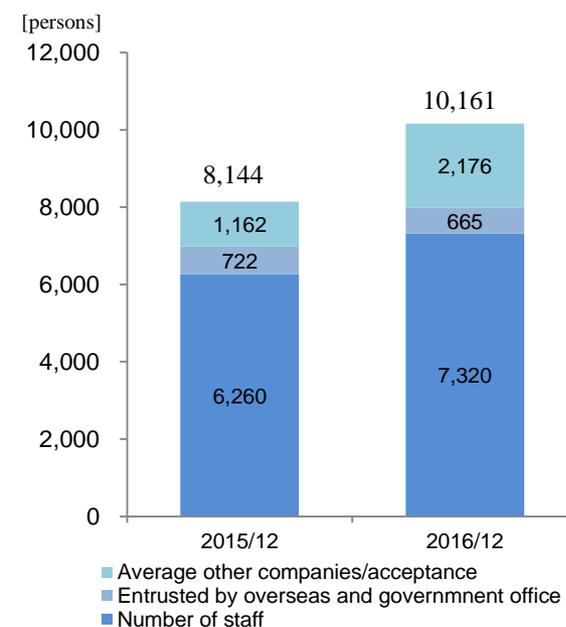
◆ Sales composition by business segment [%]



◆ Segment income



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



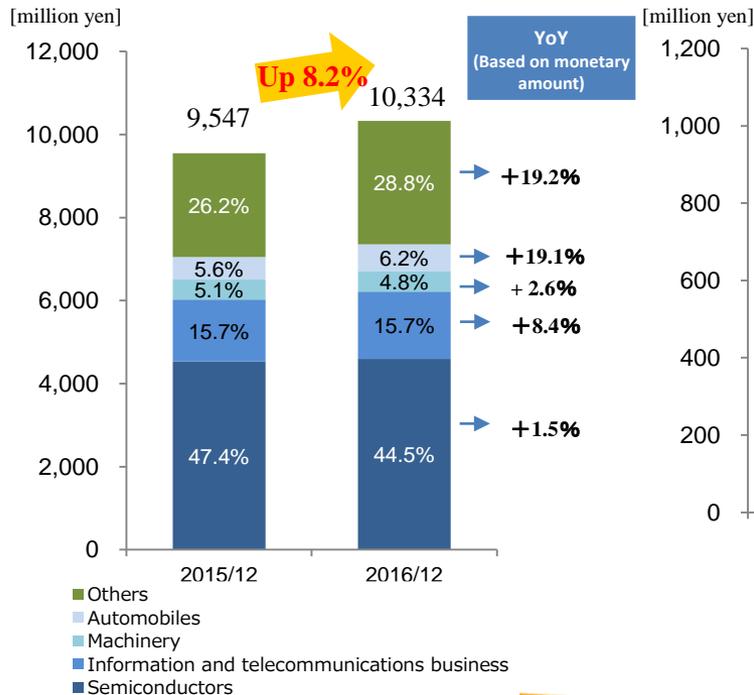
\*The number of staff is a three-month average. External staff members accepted from other companies are included.

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

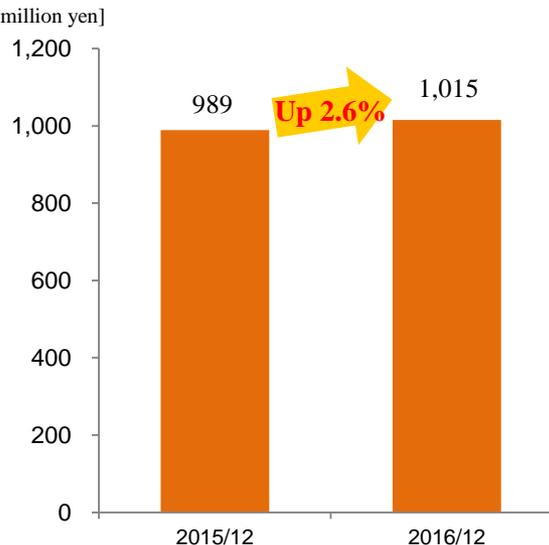
## < Sales composition by business segment and the number of staff >

- We faced difficulty in recruiting experienced personnel, but developed systems for training and assigning personnel and recruited unexperienced workers. The sales in the fields of automobiles, information, and communications were healthy.
- The construction division concentrated on the recruitment and assignment of young workers as demand was strong.
- The repair division concentrated on the development of the base of business from the following fiscal year in cooperation with Nikken Techno Co., Ltd.

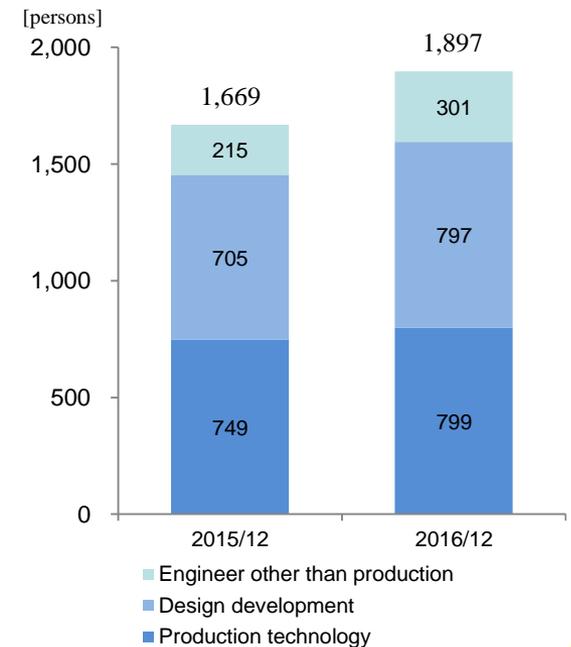
◆ Sales composition by business segment (%)



◆ Segment income



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



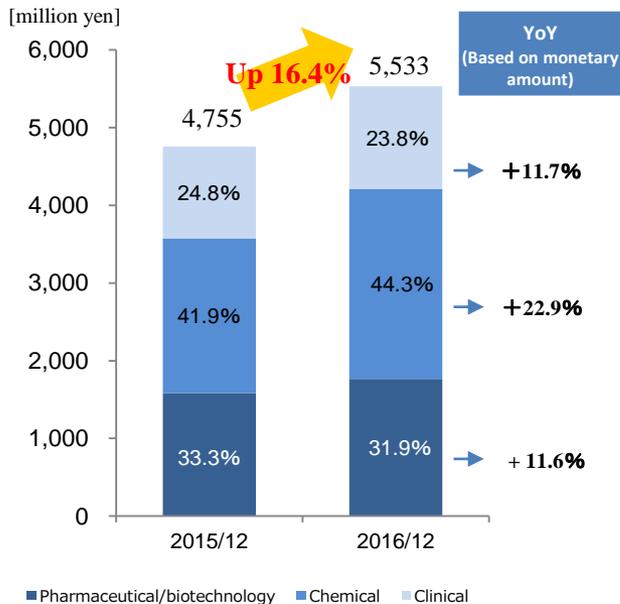
\*The number of staff is a three-month average.

\*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 shifted from the skill matching type to the solution type, and expanded our team.
- The PV division established the channels of clients other than pharmaceutical makers.
- DOT World Co., Ltd. developed an environment for producing experienced personnel through on-the-job training (OJT), and formed the base for business expansion.

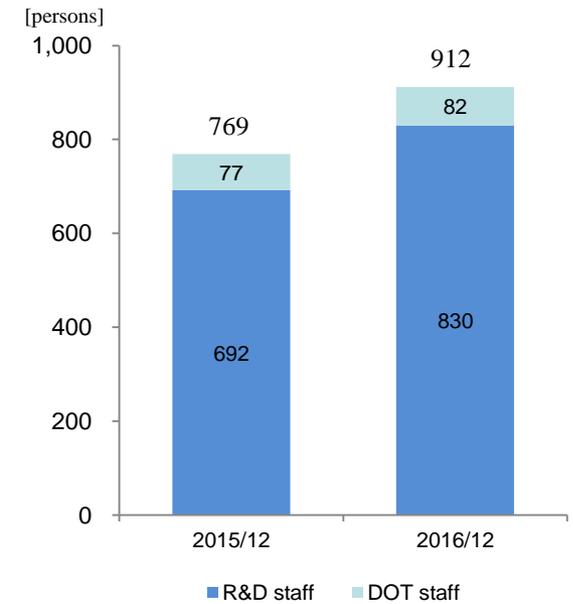
◆ Sales composition by business segment (%)



◆ 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.

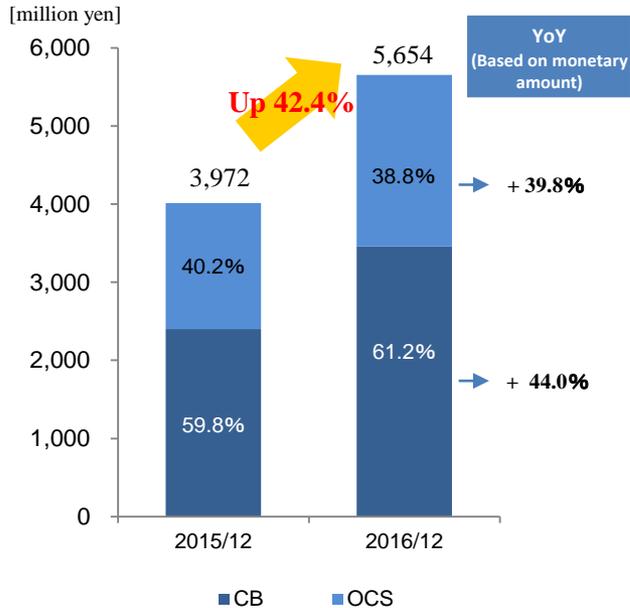
※PV: =Abbreviation of Pharmacovigilance

To appropriately and swiftly collect and analyze safety information, such as the side effects of pharmaceutical products.

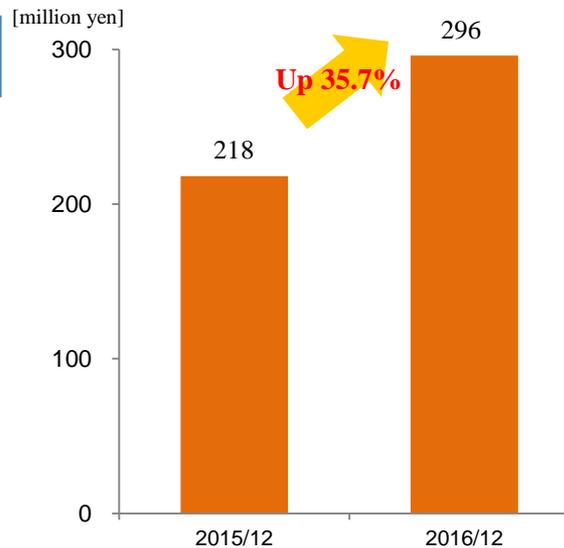
## <Sales composition by business segment and the number of staff>

- The CB division (dispatch of sales staff) was able to smoothly cope with the busy season of department stores and mass retailers, thanks to the effects of the newly established recruitment center.
- The OCS division (dispatch of operators to call centers, etc.) made favorable transactions via firm connections with leading vendors, increasing its ability to appeal to job seekers and expanding recruitments.

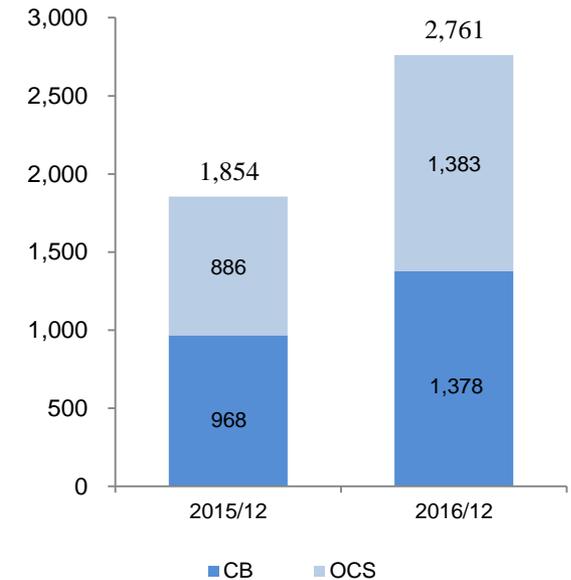
◆ Sales composition by business segment (%)



◆ 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.

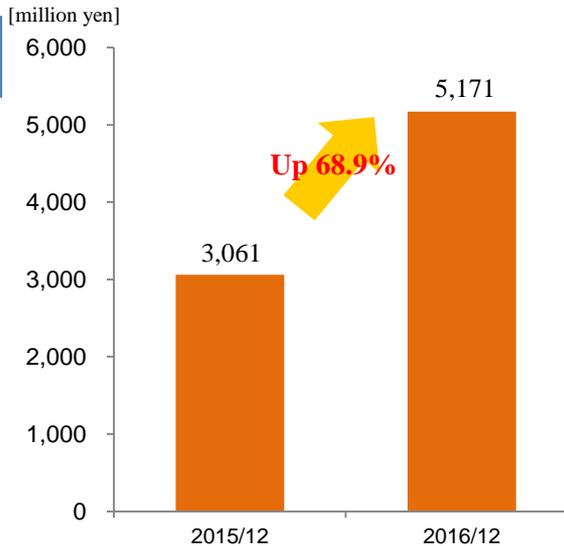
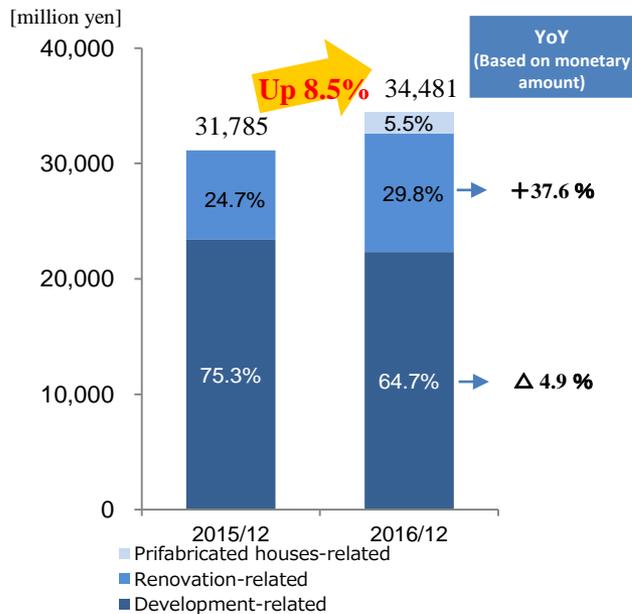
## <Sales composition by business segment and major real estate we developed>

- As for development, we transferred real estate under favorable conditions grasping the market trend, and sales grew, but below the estimate.
- As for renovation, our performance was better than the forecast, thanks to the procurement through our original routes.
- As for prefabricated houses, the number of orders received increased at Kumamoto Office, which was opened in Apr., thanks to synergy among group companies.

◆ Sales composition by business segment (%)

◆ Segment income

◆ Major real estate we developed



Residential Shinagawa Nakanobu Grand Class



Residential Morisekinoshita



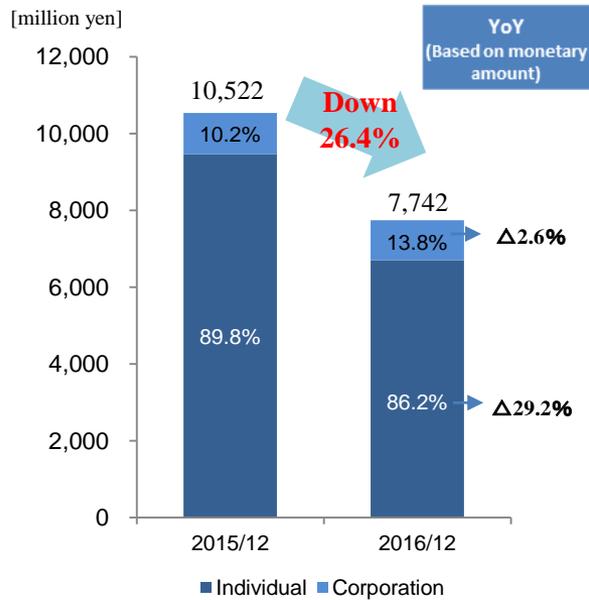
Residential Ichinosekiekimae

※The prefabricated house section was newly established in 4Q of FY2015 as Omachi World became a subsidiary.

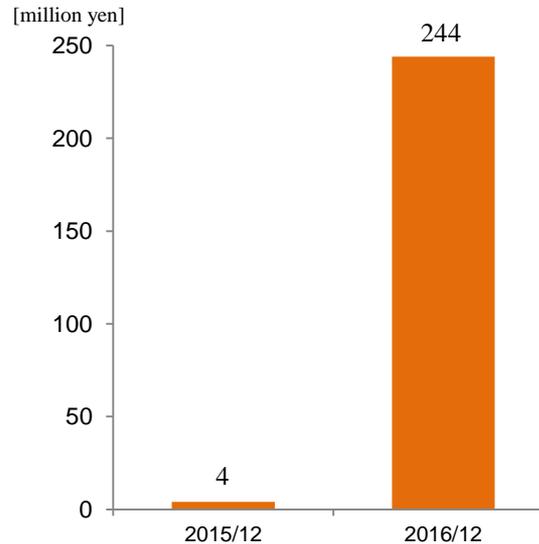
## <Sales and shop strategies>

- To retain repeat customers by developing a network of excellent shops
- To increase income per customer by selling related products

◆ Sales for each target



◆ Segment income



◆ Development of stores that would be chosen by customers

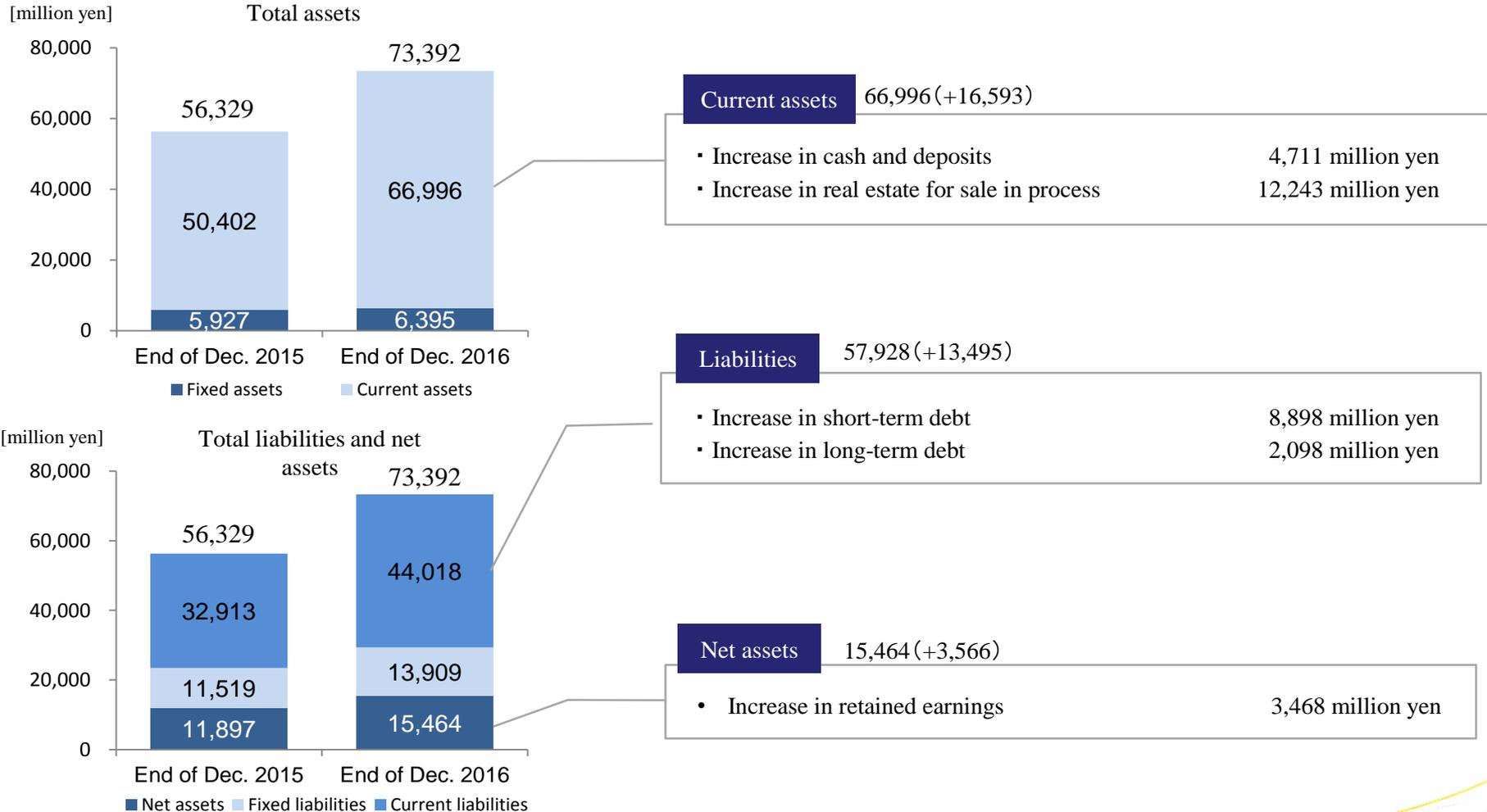


◆ Enrichment of products for corporations



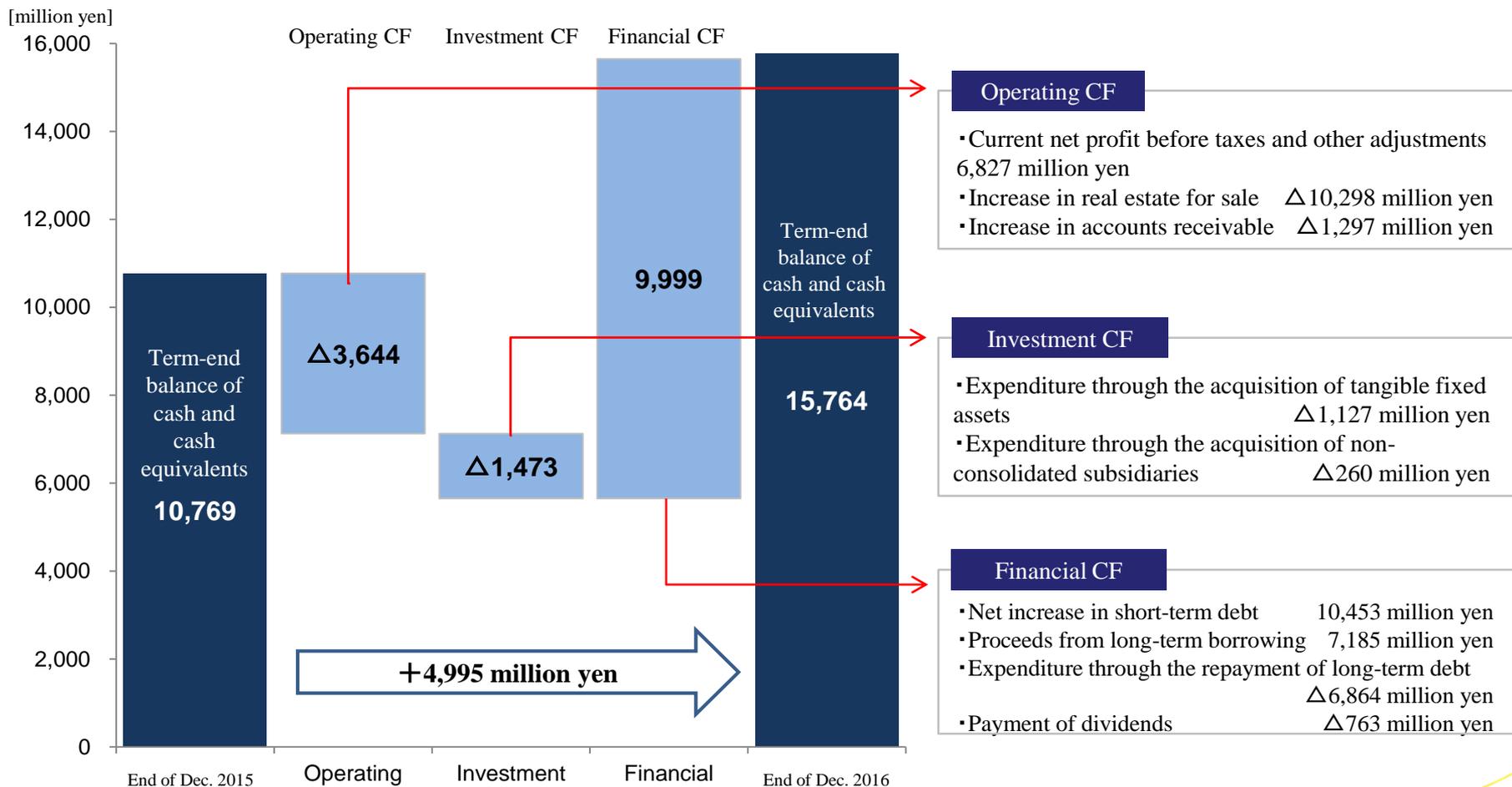


- In Real Estate Business, we enhanced the procurement of land for business, and increased real estate for sale in process.





- Operating CF was minus 3,644 million yen, investment CF was minus 1,473 million yen, and financial CF was plus 9,999 million yen.





## II . Earnings Forecast for the Term Ending Dec. 2017

# Summary of the full-year earnings forecast for FY2017



- 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.

	Results for the term ended Dec. 2016	Forecast for the term ending Dec. 2017	YoY	
			Change	Pct. Change
Units: million yen, %				
Net sales	94,334	<b>123,846</b>	29,512	31.3
Operating income	7,407	<b>6,270</b>	Δ1,137	Δ 15.4
Ordinary income	7,306	<b>5,936</b>	Δ1,369	Δ 18.7
Net income attributable to owners of parent	4,192	<b>3,519</b>	Δ672	Δ 16.0
Income per share [yen]	250.92	210.63	Δ40.29	Δ 16.1
Divident per share [yen]	75.3	63.2	Δ12.1	Δ 16.1

# Full-year earnings forecast by Business Segment

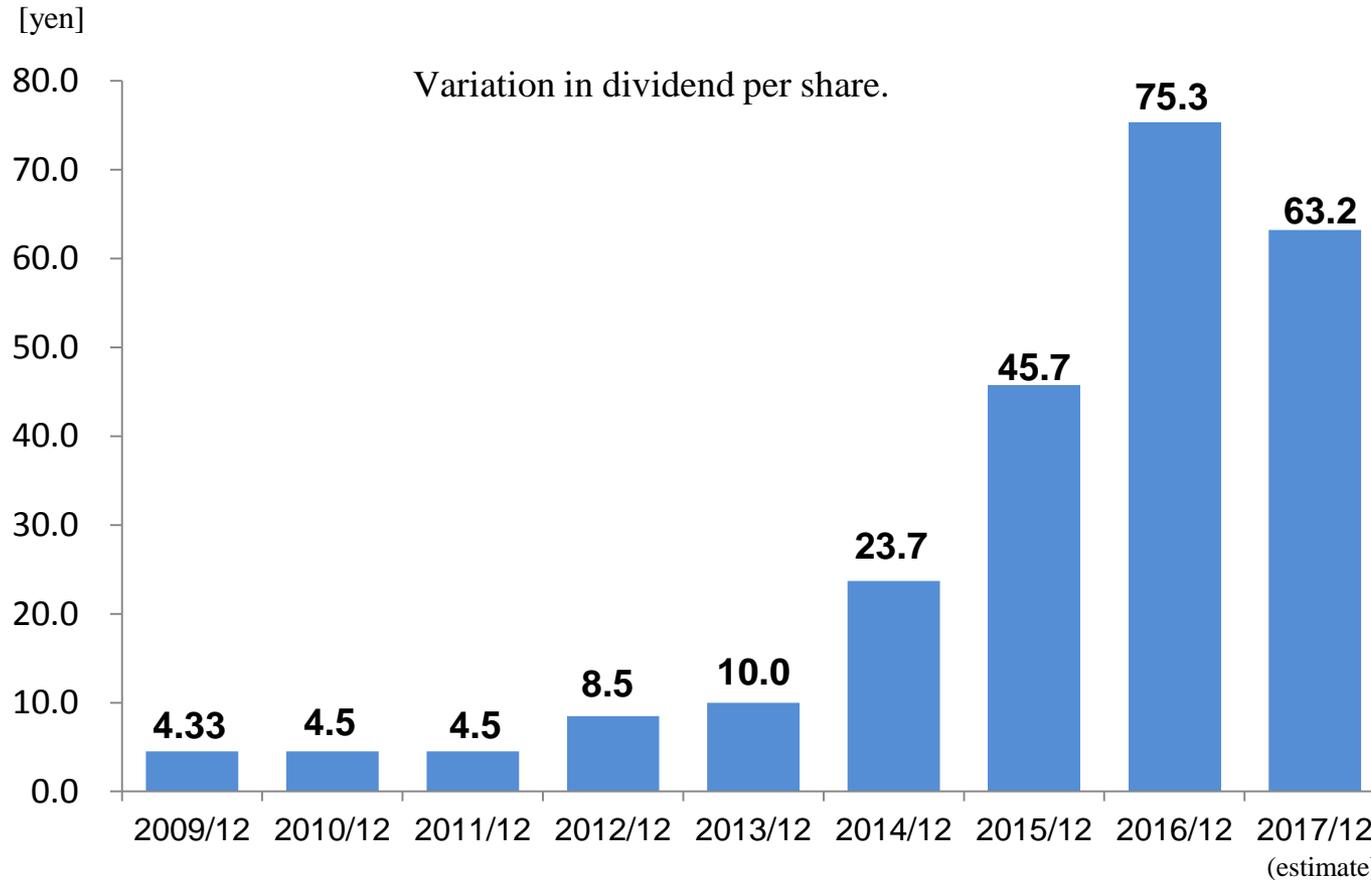


- Sales are estimated to grow in all segments.
- New business and Farm Co., Ltd. will be incorporated into other business.

Units: million yen, %			Results for FY 12/2016		Forecast for FY2017		YOY		
				(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	
	Techno Business	Net sales	10,334		11,818		1,484	14.4	
		Segment income	1,015	(9.8%)	940	(8.0%)	Δ74	Δ7.4	
	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 (for 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%)	Δ1,468	Δ28.4	
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	Other Business	Net sales	476		3,943		3,467	727.8	
		Segment income	17	(3.7%)	36	(0.9%)	18	103.9	
<b>Total</b>		Net sales	94,334		123,846		29,512	31.3	
		Elimination or corporate	Δ1,990		Δ1,877		(—)	(—)	
		Operating income	7,407	(7.9%)	6,270	(5.1%)	Δ1,137	Δ 15.4	



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



※The earnings forecast and estimated dividend are based on currently available information and certain assumptions that are considered reasonable, and actual results, etc. may be considerably different from them due to various factors.



### III. New Mid-term Managerial Plan 2021



Under the basic policy of “contributing to people and cultures around the world through business,” we will create “systems in which people can flourish” with our 3 core businesses.



## Personnel and education business

To connect people and jobs—  
New ways of working



World Intec



World Intec Fukushima



World Intec Taiwan



DOT World



Advan



Geographic  
Information of Kyushu



World Intec Shanghai



Engma Intec



Farm Corporation

## Information and communications business

To connect people New ways  
of communication



Best IT Business

## Real Estate Business

To connect people and housing  
New ways of urban development



World Residential



World Development Indonesia



World iCity



World Wisteria Homes



World Mikuni



World Resiselling



Nichimo Real Estate



Mikuni



Omachi World

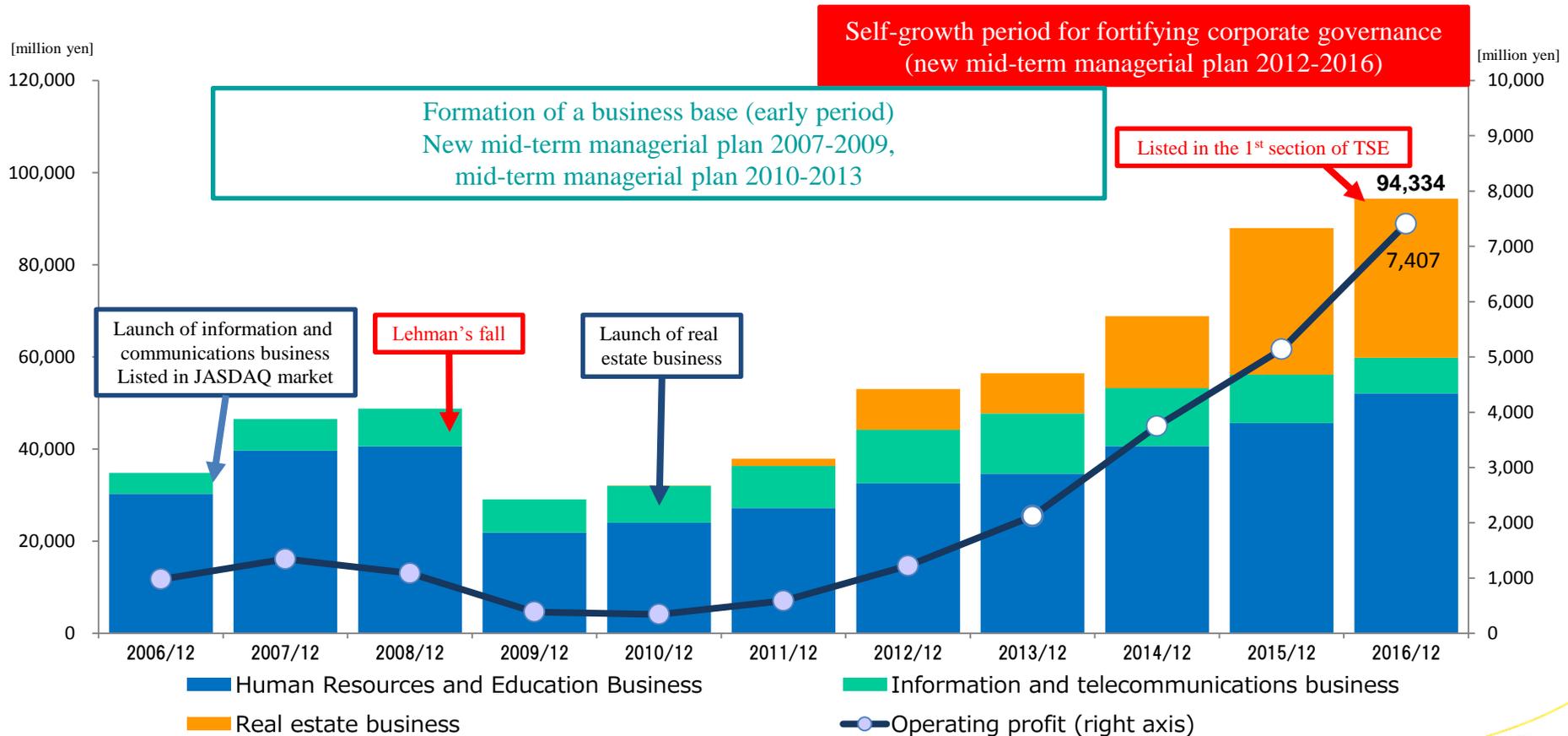
Hoei  
Construction

M's Corporation

# Variation in performance



To design an optimal portfolio with multiple businesses according to the economic environment in each age ⇒ Stable business growth where individual businesses can support one another.





Completion of a robust organization  
that can grow stably

## Summary and results (Human Resources and Education Business)

### Intensive measures

In addition to personnel development and scale expansion of our existing business, we reviewed our commercial distribution for manufacturing, and promoted the strategies focused on the peripheral fields of the existing business.

### Results

**We developed a firm base for our existing business, and started our business in promising markets.**

#### Business strategies

- Entry to the logistics market [Cultivation of new fields for the factory business]
- Entry to the factory engineer field [Cultivation of new fields through the cooperation between the techno and factory businesses]
- Entry to the PV market [Cultivation of the peripheral fields of the R&D business]
- Entry to the OCS field (call centers and light duties) [Cultivation of unexplored fields for the business of dispatch of registered workers]
- Launch of the S&M business [Establishment of new segments in response to the expansion of the CB and OCS sections]
- Launch of Techno Design Center [Establishment of an institution for training engineers]

#### M&A

- DOT World [Launch of the CRO business]
- Noritsu Taiwan [Enhancement of the training of engineers and the communication with overseas personnel]
- Nikken Techno [Strengthening of the repair business]

	<u>Results in 2011</u>	<u>Results in 2016</u>
Factory business	15,722 million yen	30,111 million yen (191.5%)
R&D business	2,502 million yen	5,533 million yen (221.1%)
Technology business	5,982 million yen	10,334 million yen (172.8%)
Sales & marketing business	683 million yen	5,654 million yen (827.8%)

## Summary and results (real estate business)

### Intensive measures

To predict what kinds of business and areas will see the growth of demand while considering economic situations and policies, clarify the roles of operating companies, and promote strategies for business expansion.

### Results

We carried out well-balanced business administration that is not swayed by the economic environment, maximizing profit.

#### Business strategies

- To establish operating companies in Tohoku, Osaka, and Fukuoka, following the Tokyo Metropolitan Area [Expansion of the area for development business]
- To revise the portfolio of land for business while considering the economic environment, and enrich collaboratively developed real estate as well as the real estate developed by our company [Promotion of efficient commercialization]
- To actively make inroads into new fields [real estate management, prefabricated houses, rental, renovation, single-family houses]

#### M&A

- Omachi Unitex (present: Omachi World) [Prefabricated house and rental business]
  - Mikuni Sangyo (present: Mikuni) [Renovation and area expansion]
  - Compax [Real estate management]
  - Hoei Kensetsu [Single-family housing business (Hokkaido)]
  - Farm [Leisure industry]
- (To be officially determined in 2017)

	<u>Results in 2011</u>	➔	<u>Results in 2016</u>
Real estate business	1,514 million yen		34,481 million yen (2277.5%)

## Summary and results (information and communications business)

### Intensive measures

Under the saturated business environment, we prioritized the investment in the development of future systems while assuming store operation and personnel that will be required in the future. We prepared for the second expansion phase in which we would strive to retain customers.

### Results

**Store operation was rationalized, transitioning to a flexible excellent store system. Personnel with high hospitality were produced, achieving a store operation system and increasing new services.**

#### Business strategies

- Establishment of the network of excellent stores [Promotion of store operation streamlining focused on scrap]
- Personnel education to offer services that would retain customers [Original personnel education]
- Establishment of stores under a new concept [Keitai-no-madoguchi (Customer Support for Cell Phones) opened]
- Increase of new services [LED rental, etc.]

	<u>Results in 2011</u>	<u>Results in 2016</u>
Information and communications business	9,176 million yen	7,742 million yen (84.4%)



## Summary and results (quantitative goals)

Net Sales did not reach the target, because real estate was transferred at a wrong timing in the real estate business. Operating income exceeded the target considerably, because we conducted business while emphasizing profit.

### New mid-term managerial plan in 2012 (quantitative goals)

Net Sales	100 billion yen
Operating income	5 billion yen
ROE	20% or over
Capital-to-asset ratio	25% or over
Payout ratio	20% or over



### Performance in 2016 (results)

Net Sales	<b>94.3 billion yen</b>
Operating income	<b>7.4 billion yen</b>
ROE	<b>33.5%</b>
Capital-to-asset ratio	<b>19.4%</b>
Payout ratio	<b>30%</b>

# Environmental changes in each business field



	Topics	Effects and environmental changes
Human Resources and Education Business	Amendment to the Worker Dispatch Law Acceleration of outsourcing	<ul style="list-style-type: none"><li>• Effects of the amendment to the law (The burdens on enterprises hiring dispatched workers increased, administrative guidance improved, and so on.)</li><li>• Ability to do business in more advanced business fields</li><li>• Acceleration of decrease of labor due to the population decline (Intensification of recruiting competition)</li></ul>
Real estate business	Increase of foreign visitors to Japan Hosting Tokyo Olympics Increase of business of restoration after the earthquake disaster	<ul style="list-style-type: none"><li>• Skyrocketing of land prices</li><li>• Accelerated augmentation of construction cost</li><li>• Rise in selling prices</li></ul>
Information and telecommunications business	Guidelines regarding the rationalization of assistance in purchase of smartphone terminals	<ul style="list-style-type: none"><li>• Competition among 3 carriers + MVNO</li><li>• Consolidation and abolishment of stores</li><li>• Carriers improved their brand strategies (high requirements)</li></ul>

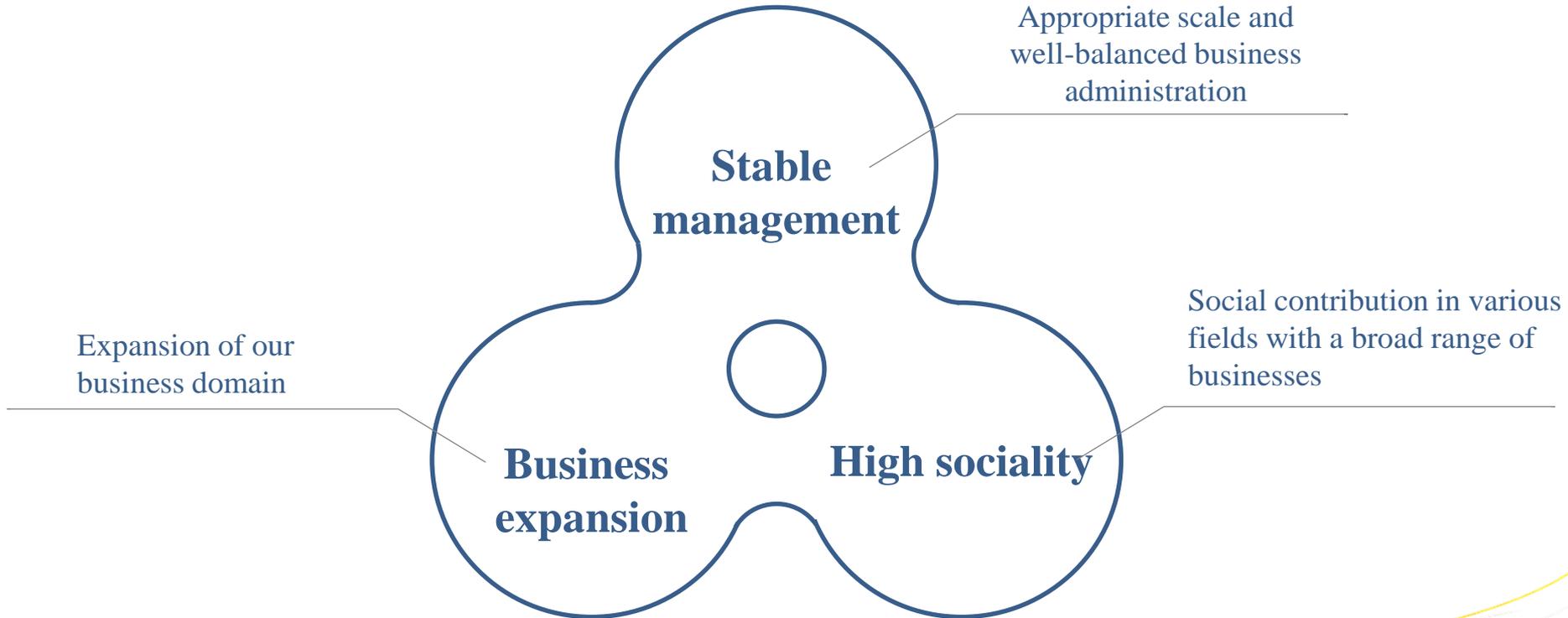


**We require a strategy for achieving the most efficient stable growth (expansion) while predicting changes.**



## New Vision

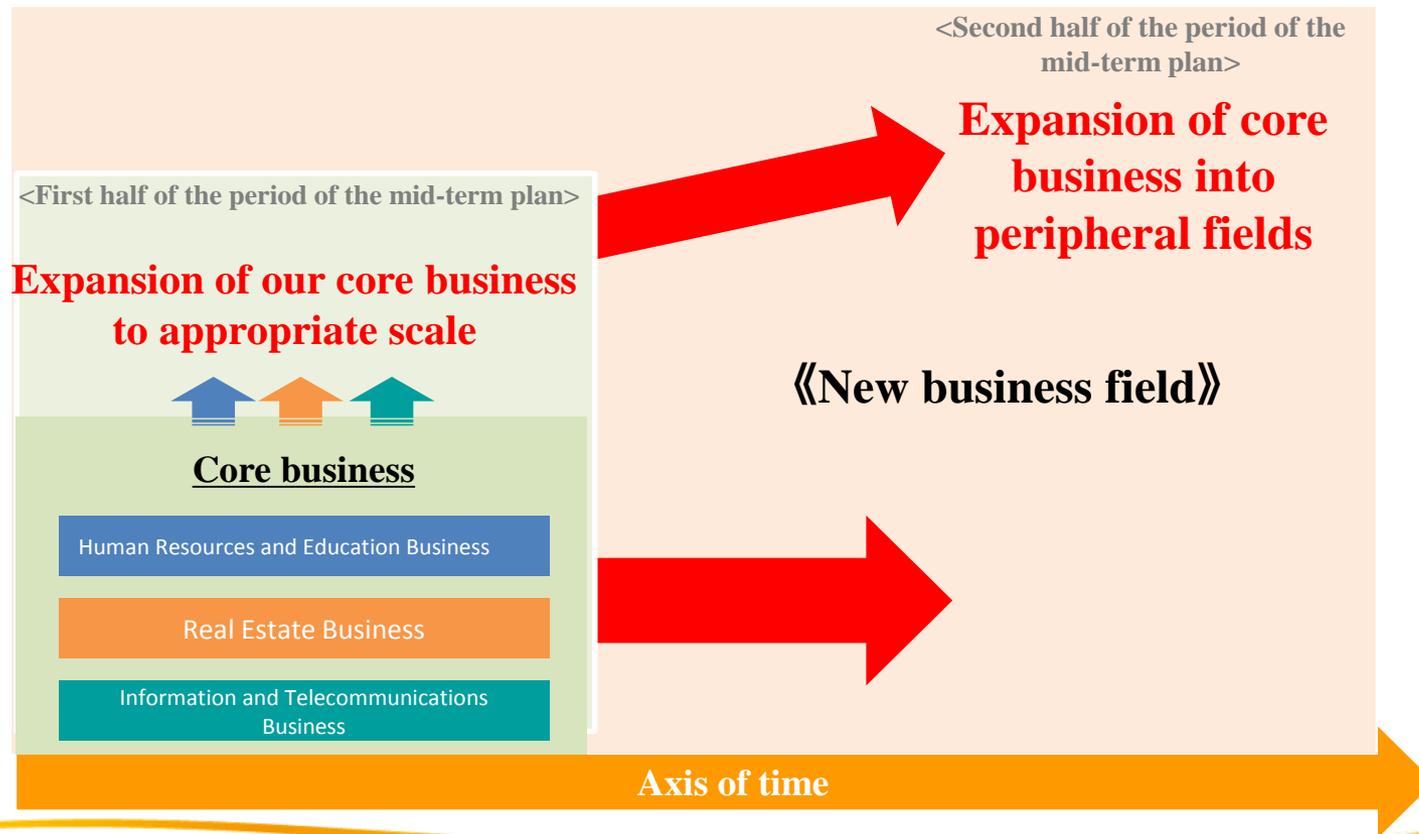
- Pursuit of an evolved system in which people can flourish  
“We aim to become an enterprise that can grow stably,  
more strongly and more socially”





## Expansion based on well-balanced business administration

We will pursue optimal profit earning performance with an appropriate scale while concentrating on our core business, and aim to expand our existing business based on stable growth. In this plan, we will make inroads into new fields surrounding our existing business with an appropriate scale and offer new services.



## Outline of Human Resources and Education Business

### Beyond outsourcing...

From unilateral matching to bilateral matching  
Endeavor as a professional in job creation

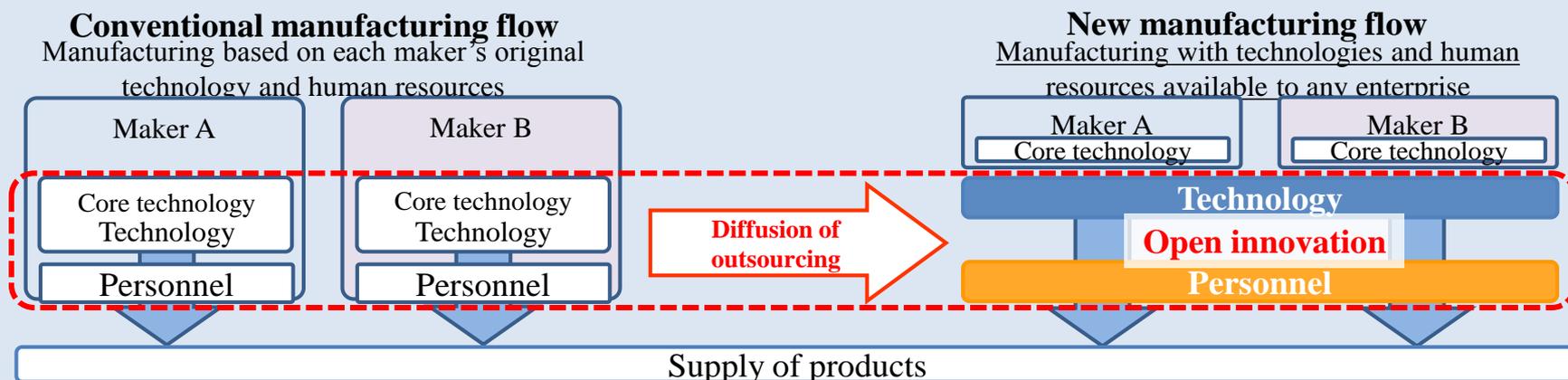
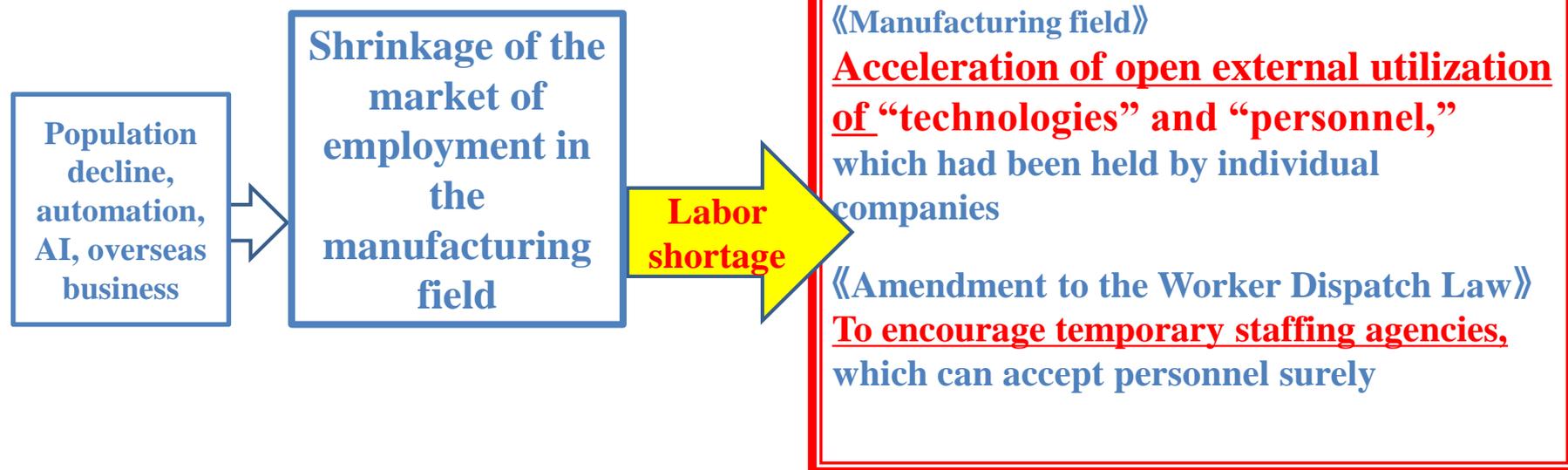
## Keywords

Personnel platform + one-stop services + bilateral matching (personnel  
development + job creation) + appropriate scale

||

Creation of an environment in which various people can flourish

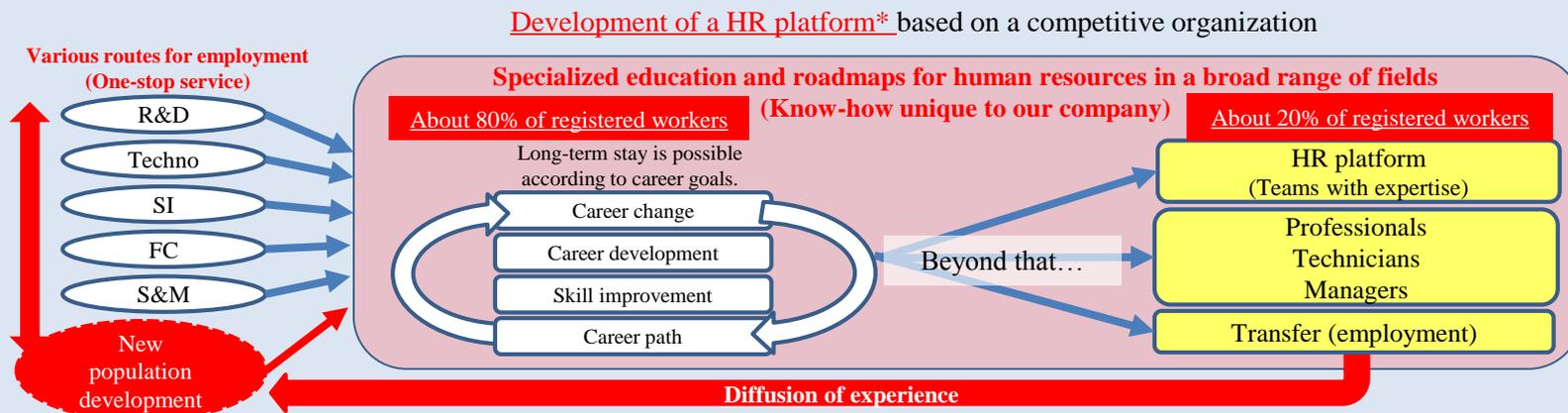
## Future direction of the manufacturing industry



## Promising human resources (HR) market and main trends

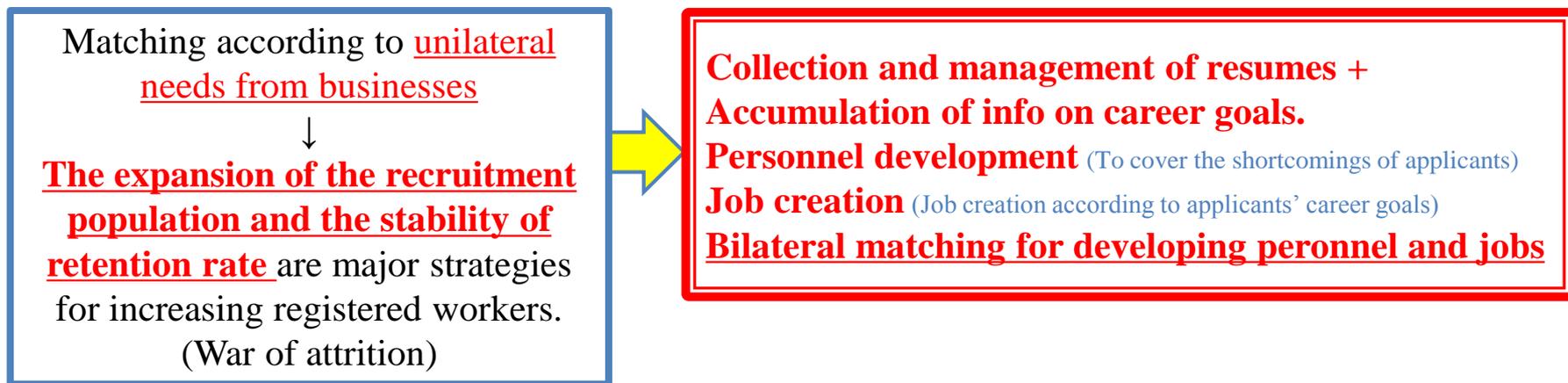


## Personnel development process



※ HR platform: Specialized group with respective technologies and skills

## Bilateral matching



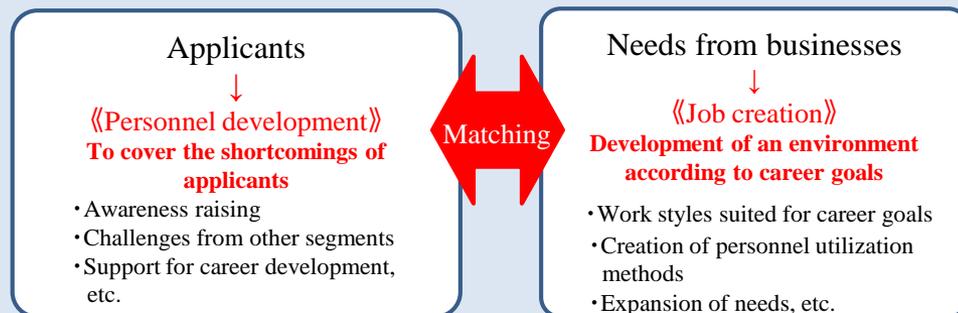
### Conventional recruitment

Recruitment of workers according to unilateral needs from businesses



### Recruitment from now on

Bilateral matching based on the collection and management of resumes, the accumulation of career goals, and the production of databases



## Outline of real estate business

Striving to improve the abilities to run our business and stand on our own

Reform of the earning structure based on the resilient business that is not swayed by the economic environment

## Keywords

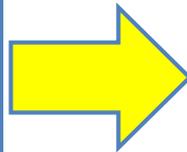
Improvement of recurring-revenue business + Fund turnover + Strengthening of self procurement capability + Fortification of housing business

||

Launch of new real estate business

## Reform of the profit earning structure considering fund turnover

Development-centered business structure  
↓  
**Vulnerable to a change in the economic environment**



Change in profit rate through the improvement of recurring-revenue business  
**Optimization of fund turnover = Stability of cash flows**  
↓  
**Strong self fund procurement capability for seizing investment chances**

### 《Differences in properties among business categories》

	Risk	Recoupment period	Profit rate	Recurring revenue property
Development	High	2-3 years	High	Low
Renovation	Medium	4-6 months	Medium	Medium
Custom home	High	8-10 months	High	Medium
Prefabricated house	Medium	7 years	Medium	High
Property	Low	Short	Low	High

### 《Change of profit composition》



## Strategy

### Development (one-time-revenue business)

We aim to increase revenue by maximizing ROI and achieving an appropriate scale based on the procurement and supply considering the economic environment

<No. of residential units supplied per year (appropriate scale)>

- Tohoku: 100-200 units
- Tokyo Metropolitan: 400-500 units
- Kinki: 100-200 units
- Kyushu: 100-200 units



ONE PARK RESIDENTIAL TOWERS  
《Miyagi Pref.》



Branz Yokohama-Bashamichi Residential  
《Kanagawa Pref.》

### Renovation (one-time- & recurring-revenue businesses)

To earn recurring revenue based on our nationwide network and procurement channels, and become No.1 in the renovation field.

<No. of residential units supplied per year (appropriate scale)>

1,500 units



《before》



《after》

# Real estate business (4)

## Strategy

### Single-family houses (one-time-revenue business)

To improve our overwhelming brand and performance in Hokkaido based on our network in Tohoku region, and earn recurring revenue by renovating, buying, and reselling over 4,000 houses we have sold so far.

<No. of houses supplied per year>  
300-350 houses



**Our original brand  
《Challenge 999 Series》**

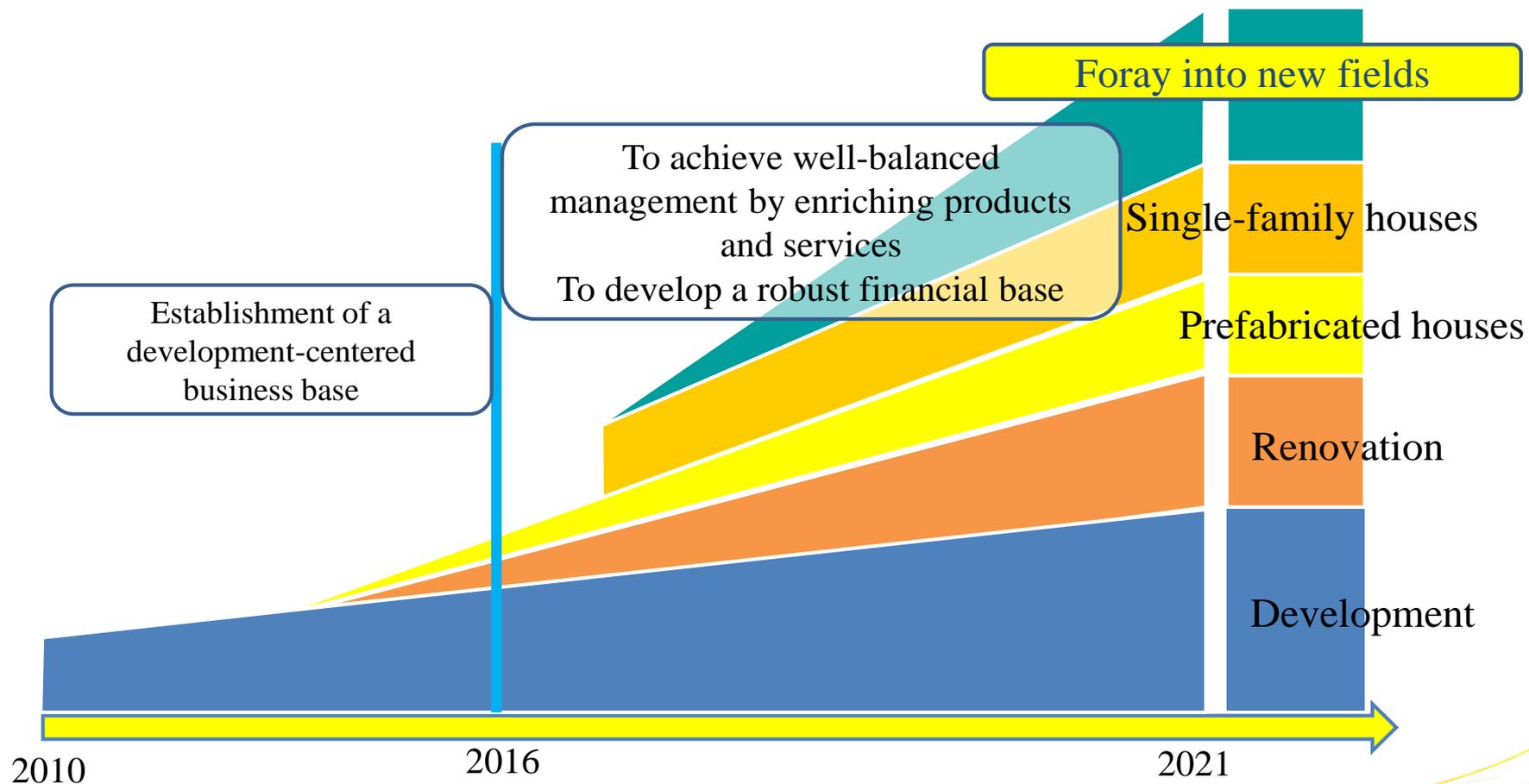
### Prefabricated houses (recurring-revenue business)

In addition to existing products, we will develop new products, to enrich our product lineup, and improve the distribution to the existing infrastructure and build our original routes inside and outside Japan, to earn more recurring revenue with rental business.



## Expansion of our business domain

To rationalize fund turnover and enter new real estate markets



## Outline of Information and telecommunications business

# Creation of new value through the pursuit of better services

Fusion and synergy of target areas (expansion of the store network)  
and items (products)

## Keywords

Hospitality + Target area expansion + Cultivation of products  
||  
Progress to the community-based expansion phase

## Strategy

### Cellphone shop

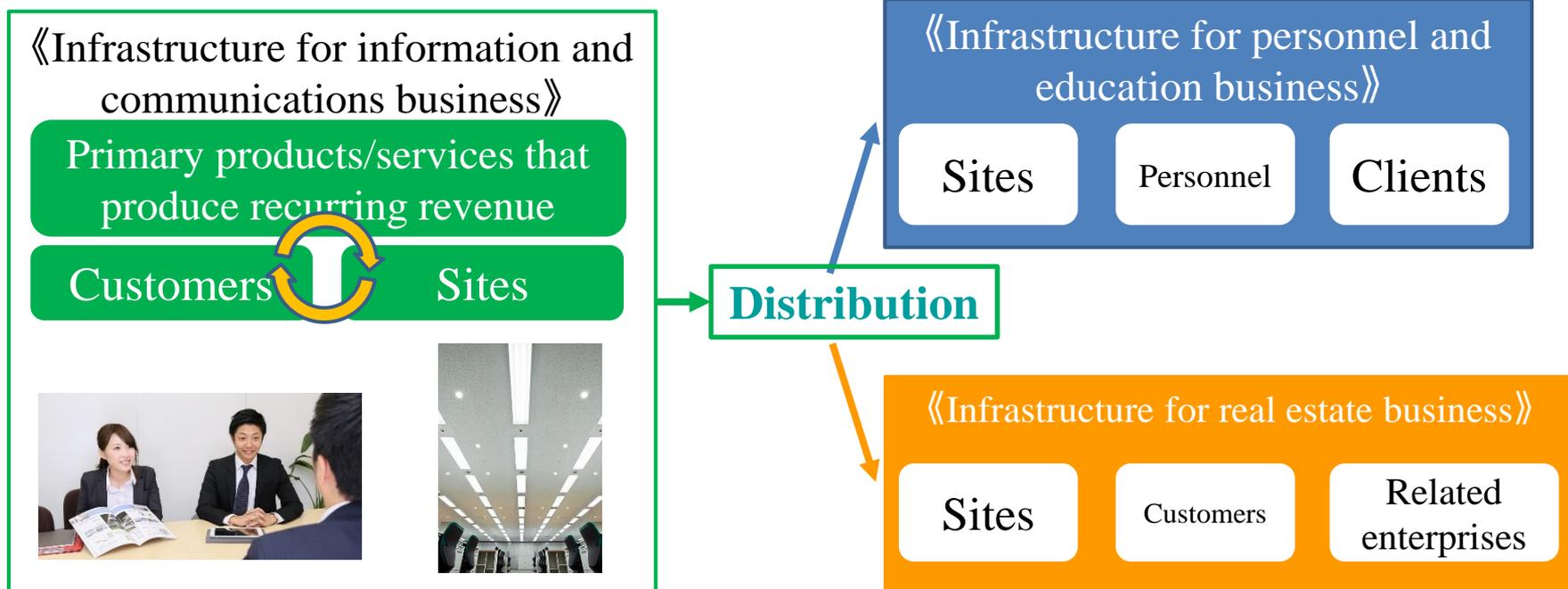
**Overwhelming customer retention > quantity sold of cell phones**



## Strategy

### Cultivation of products/services

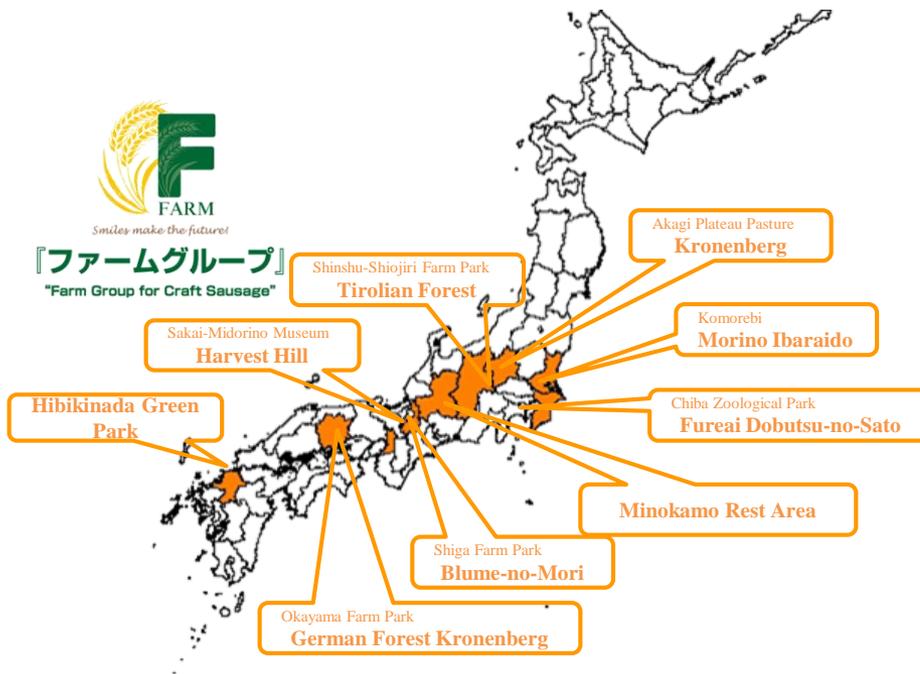
We aim to boost profit rate by enriching primary products and services, which produce recurring revenue, while emphasizing the utilization of the existing infrastructure (shops, human resources, and business segments).





## Farm Corporation

To revitalize community-based facilities, create a broad range of employment, communicate with local residents, and fertilize local economies.



### Corporate Profile

Name: Farm Corporation

Location: 1705-1 Omachi, Saijo-shi, Ehime Pref.

Business content: Operation and management of farm parks

Established in: Jul. 1968

Covered area: Ibaraki, Chiba, Gunma, Nagano, Gifu, Shiga, Osaka, Okayama, and Fukuoka Prefectures





# Numerical Goals



**Net Sales: 200 billion yen**

**(M&A accounts for 10-15 billion yen)**

**Operating income: 10 billion yen**

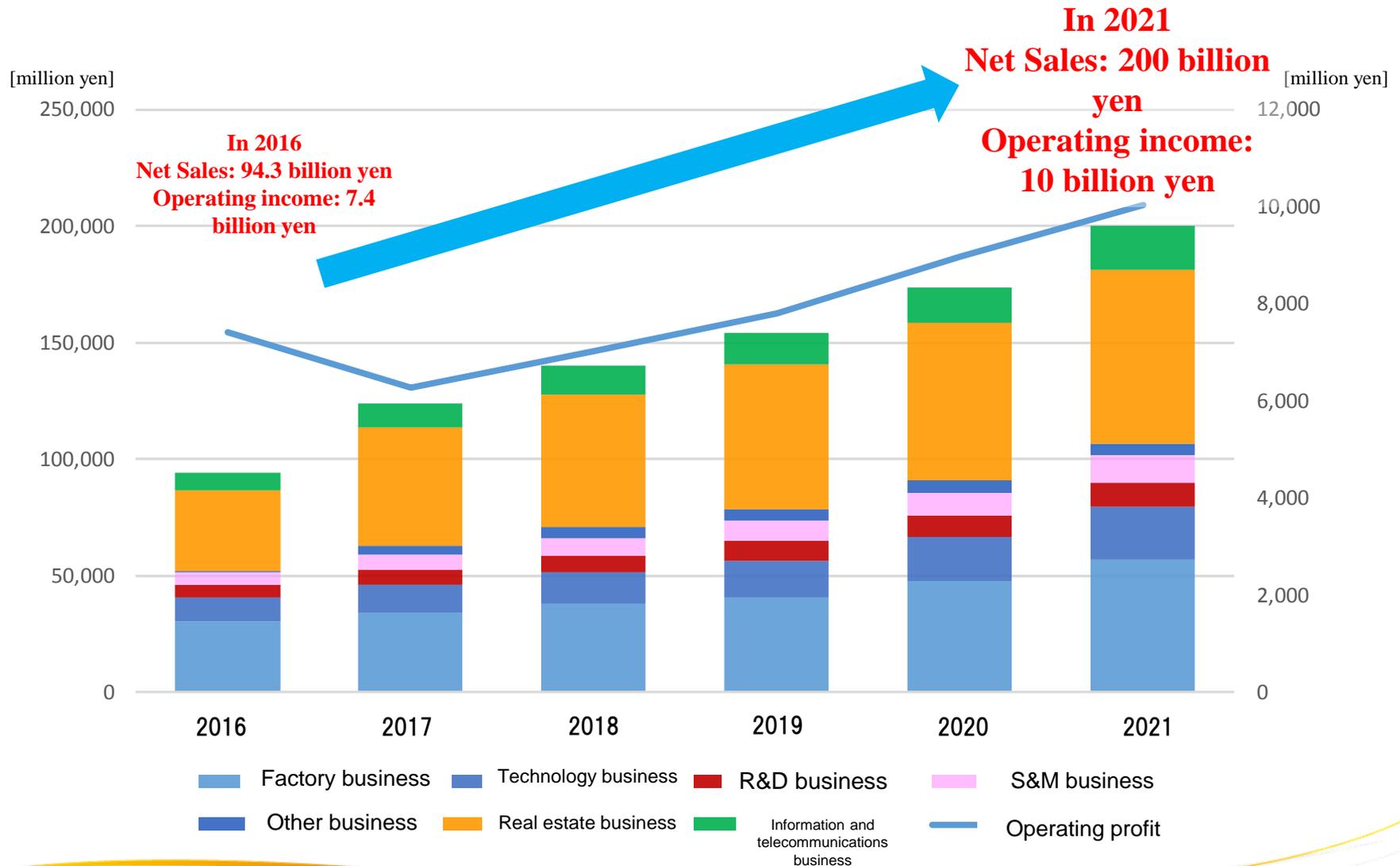
**ROE: 20% or over**

**Capital-to-asset ratio: 20% or over**

**Investment for growth (M&A funds): 10 billion yen**

**Payout ratio: 30% or over**

# Numerical goals in the new mid-term managerial plan for 2021

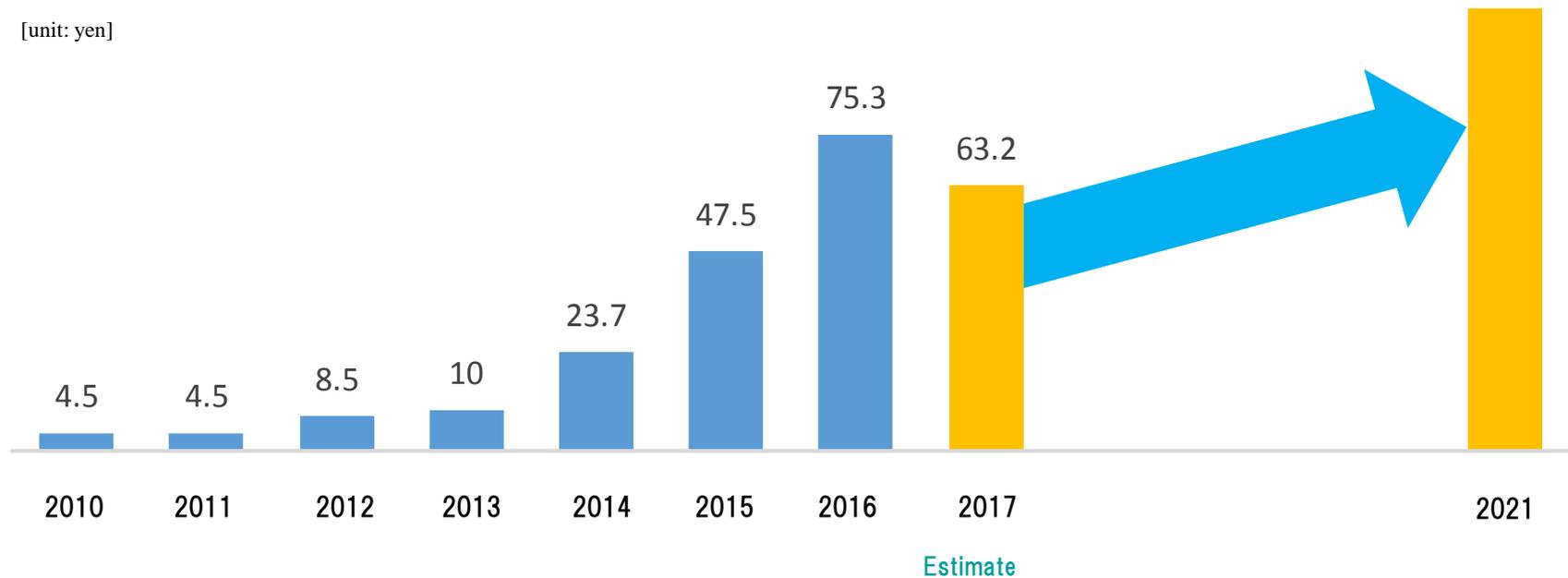




**We will keep payout ratio 30% while prioritizing the investment for business expansion.**

## Variation in dividend

[unit: yen]





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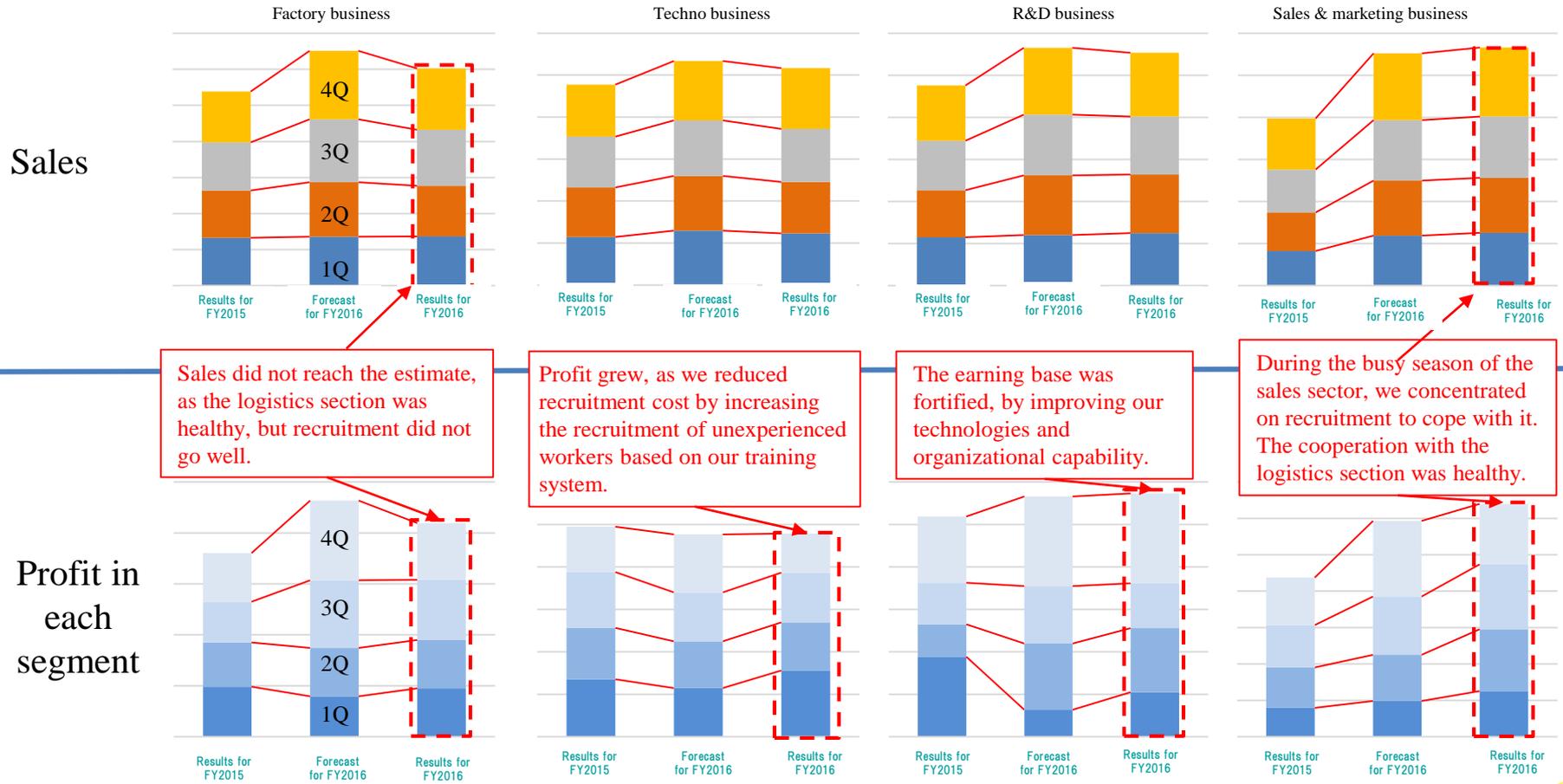
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# Reference Material



Net Sales did not reach the estimate, but the recruitment based on inter-segment cooperation and the assignment of training staff improved. Profit in each segment is growing thanks to the charge-up by cost reduction and personnel development.



Sales did not reach the estimate, as the logistics section was healthy, but recruitment did not go well.

Profit grew, as we reduced recruitment cost by increasing the recruitment of unexperienced workers based on our training system.

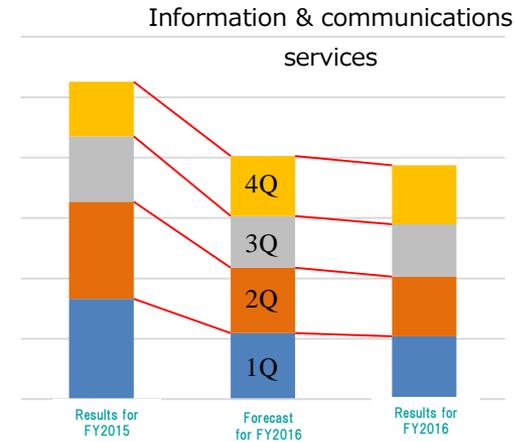
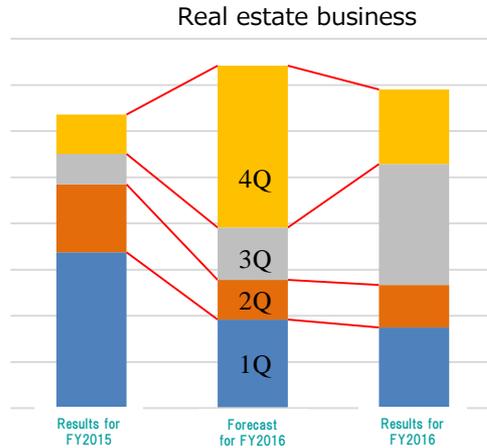
The earning base was fortified, by improving our technologies and organizational capability.

During the busy season of the sales sector, we concentrated on recruitment to cope with it. The cooperation with the logistics section was healthy.



As for the real estate business, income increased considerably because real estate was transferred under more favorable conditions than expected, thanks to profit-emphasized measures. As for the information and telecommunications business, income per customer increased, recovering profitability.

Net Sales



The real estate scheduled to be transferred in 4Q was transferred in 3Q under favorable conditions. Net Sales did not reach the estimate, but grew considerably.

Income per customer increased, due to the customer retention based on the excellent store network.

Income in each segment

