



FY2019 First Quarter Financial Results



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WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

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I . Summary of FY2019 First Quarter Financial Results



Summary of Financial Results

- The Human Resources and Education Business, which is the mainstay, remained healthy, and contributed to overall results.
- Sales grew, but profit declined year on year. However, sales and operating income both exceeded the initial estimates. In addition to the Human Resources and Education Business, the Real Estate Business showed steady increase compared to the initial estimates.
- Expecting the system for equal pay for equal work from April 2020, we started dealing with the reform of ways of working. We will also proceed with preparations for new solution packages to customers.

(Unit: Million yen)

	2018/1Q actual	*2019/1Q initial estimate	2019/1Q actual	Result against estimate Surplus	YoY	
					Change	Pct. Change
Net sales	30,111	30,199	30,614	+ 415	+503	+1.7%
Operating income	570	-101	162	+ 263	-407	-71.5%
Ordinary income	553	—	159	—	-393	-71.1%
Net income attributable to owners of parent	148	—	11	—	-137	-92.5%

*Announced on February 12, 2019

Overview of Business Results by Segment (Results Compared to the Results in the Previous Term)

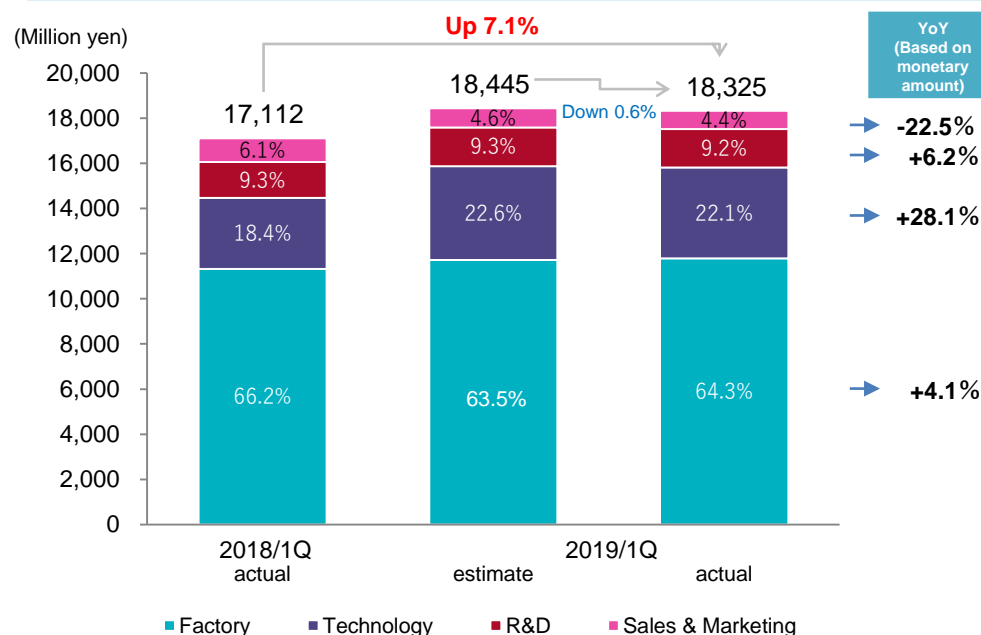
Unit: Million yen			2018/1Q		2019/1Q		YOY	
			actual	(Profit margin)	actual	(Profit margin)		
							Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	11,320		11,785		464	4.1
		Segment income	653	(5.8%)	506	(4.3%)	-146	-22.5
	Technology Business	Net sales	3,151		4,037		886	28.1
		Segment income	250	(8.0%)	354	(8.8%)	103	41.2
	R&D Business	Net sales	1,594		1,692		98	6.2
		Segment income	100	(6.3%)	106	(6.3%)	5	6.0
	Sales & Marketing Business	Net sales	1,046		810		-235	-22.5
		Segment income	-12	—	-17	—	-4	—
Total (reference)		Net sales	17,112		18,325		1,213	7.1
		Segment income	991	(5.8%)	949	(5.2%)	-42	-4.3
Real Estate Business	Real Estate Business	Net sales	9,194		8,291		-903	-9.8
		Segment income	217	(2.4%)	-23	—	-241	—
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	3,349		3,369		19	0.6
		Segment income	37	(1.1%)	-88	—	-126	—
Other	Others	Net sales	454		628		173	38.2
		Segment income	-196	—	-126	—	69	—
Total		Net sales	30,111		30,614		503	1.7
		Elimination or corporate	-478		-546		-67	—
		Operating income	570	(1.9%)	162	(0.5%)	-407	-71.5
<Reference>								
Real Estate Business	Development/Single-family housing	Net sales	4,828		3,011		-1,817	-37.6
		Segment income	104	(2.2%)	-154	—	-258	-248.1
	Renovation/Prefabricated houses	Net sales	4,367		5,280		913	20.9
		Segment income	113	(2.6%)	130	(2.5%)	17	15.0

Overall Segment

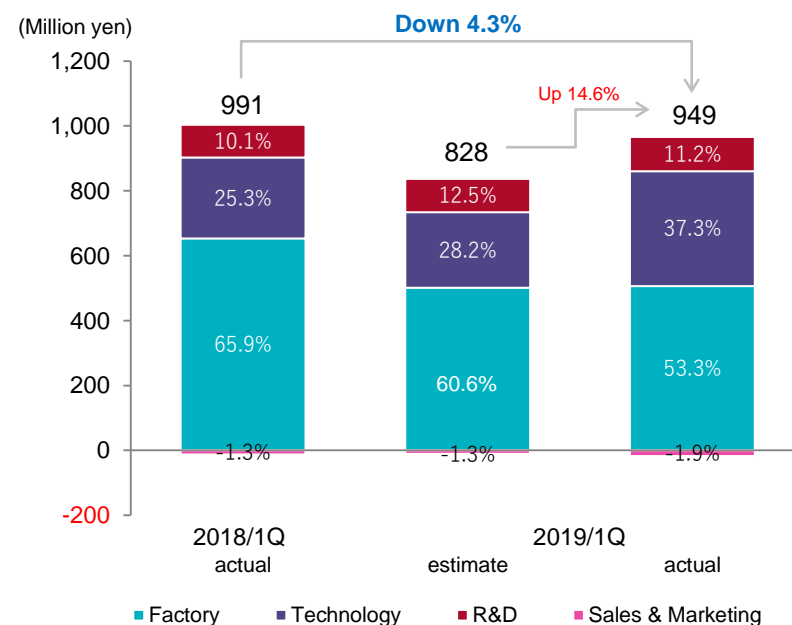
<Composition Ratio of Sales and Segment Income by Segment>

- Response to the changing external environment
⇒ Continued measured upfront investment from the medium- and long-term perspective in order to raise the brand strength (capability of gathering workers)
- Endeavor to enhance the human resources development/assignment functions and saw results in some of the efforts
⇒ Steady growth in Factory Business (distribution field), Technology Business and R&D Business

◆ Sales composition



◆ Segment income

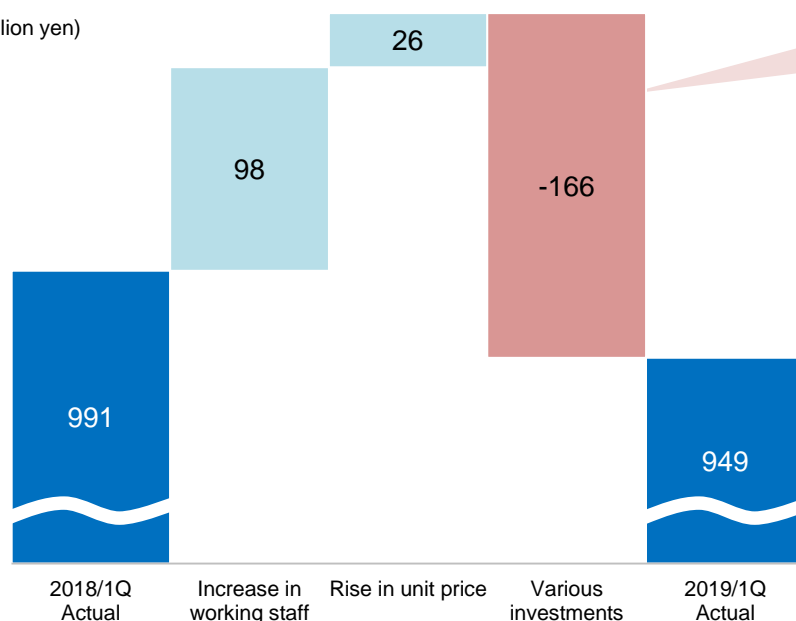


Overall Segment

<Factors in Changes of Segment Income>

- Immediate sales and profit continued to grow thanks to the net increase in the number of workers and the rising unit price.
- Meanwhile, we proactively made upfront investment in human resources development in an effort to gain a new position in the field as a group of highly advanced engineers.
⇒ Aiming to broaden the client base, further grow our company, and lay the groundwork for new businesses for the future

(Million yen)



- **Factory Business**
Enrichment of training programs at “Technical Center”
Reconstruction of “new HR system” with external business partners
Development of managers for “establishment of a new logistics base”
- **Technology Business**
“Training in 3D-CAD” “Training in production engineering”
Broadening the scope of “programming training” “Infrastructure training”
Assistance in obtaining qualifications
- **R&D Business**
“Training centered around ‘Hospitality Mind’”
Investment in human resources management systems
- Establishment and operation of programs/systems for helping employees curve out their respective careers
- Provision of a 10-year follow-up training program for newly employed workers

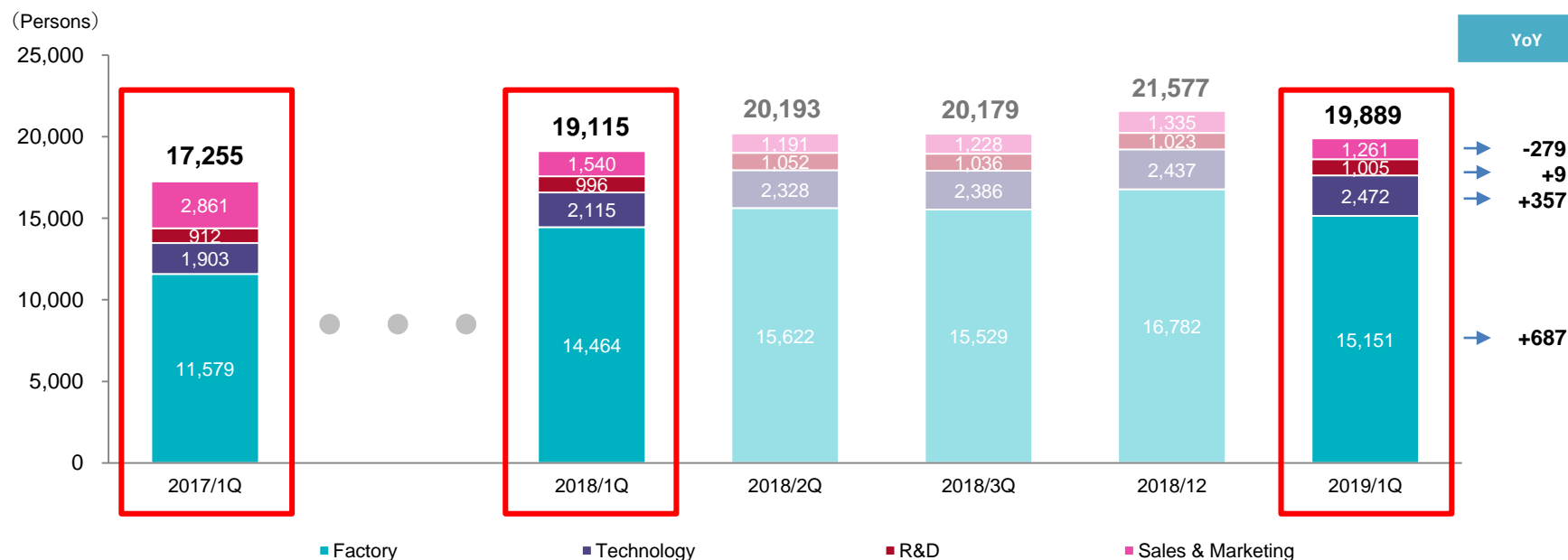
Increase of new employees and improvement
 in retention rate by enhancing brand power
 Formation of highly capable engineer team
 (Development of more advanced business fields
 + promotion of our company)

Overall Segment

<The number of staff members>

- Regarding the distribution field (Factory Business), the base set up last fiscal year is operating stably.
- In Technology Business, we increased the number of working staff by enriching the scheme that we had propelled forward with the aim of developing and assigning engineers.

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



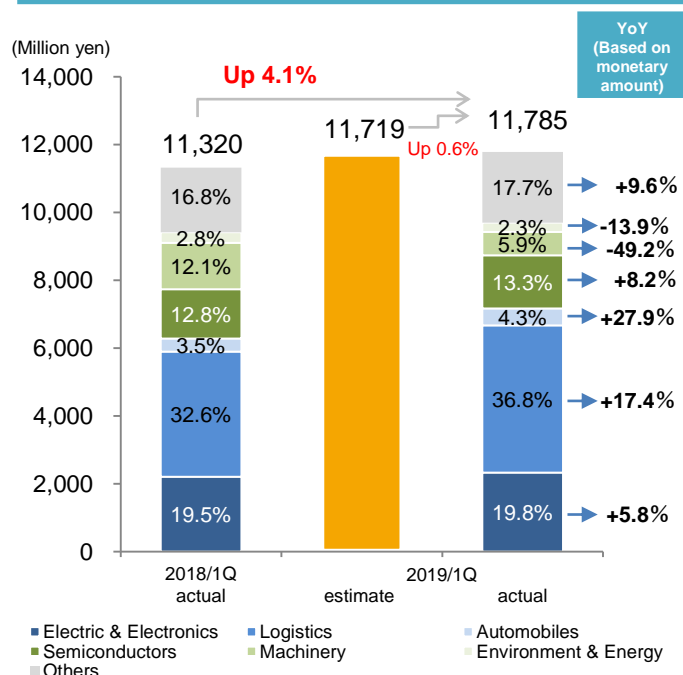
*The number of staff in Factory Business includes external staff members accepted from other companies.

Factory Business

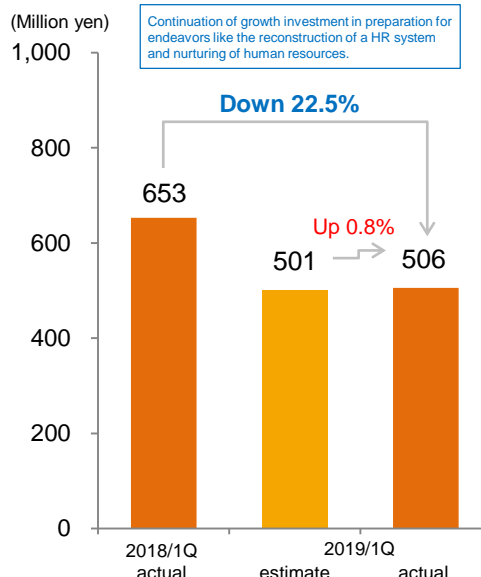
<Sales composition by business segment and the number of staff members>

- As for the distribution field (Factory Business), the new base set up last fiscal year is operating stably. For setting up new bases, we are also pouring efforts into stratified education focused on the development of managers.
- For dealing with large-scale transactions in the Machinery, Electric & Electronics and Semiconductors Businesses in the second half, we strived to strengthen our contracting system.
- We moved ahead with investment in order to build a human resources platform (a group of experts with shared techniques and skills).
- Gradually executing a new HR system which is being established by utilizing external enterprises

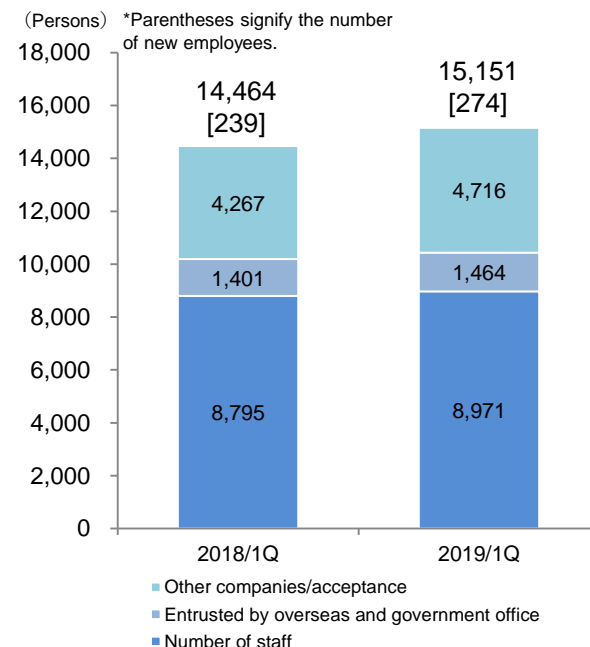
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

*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.

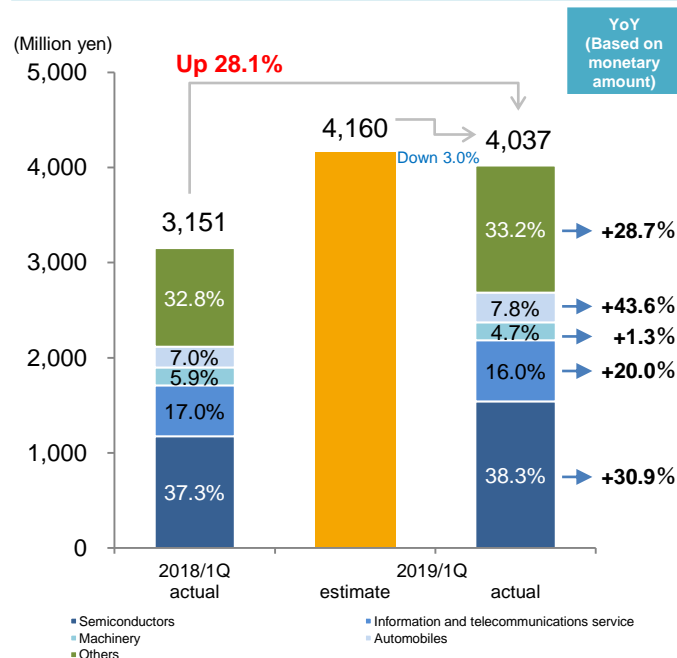
Technology Business

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

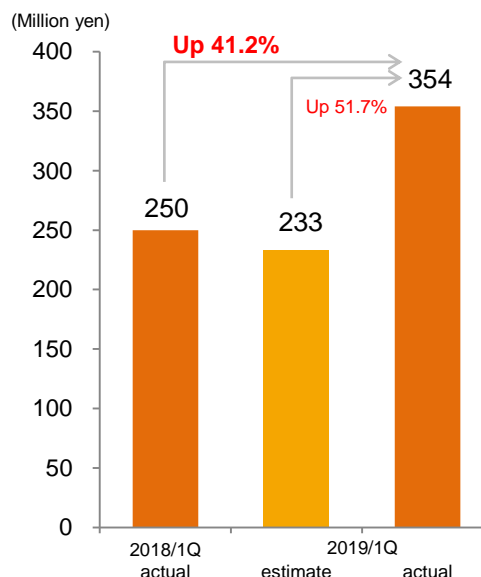
- The scheme for developing and producing engineers titled “Creating the Ways We Live Academy”^{*} was successful. In particular, the production of mechanical design engineers working in the automobile-related segment progressed healthily, and business partners increased. Furthermore, the increase of qualified workers improved clients’ evaluation, charging up our business.

^{*}For existing employees, the main courses include those for career change and brushing up their skills. For inexperienced ones, the major courses include 3D-CAD training at Design Center, training in production engineering at “Production Engineering Center,” programming training in coordination with Advan Inc., and network infrastructure training.

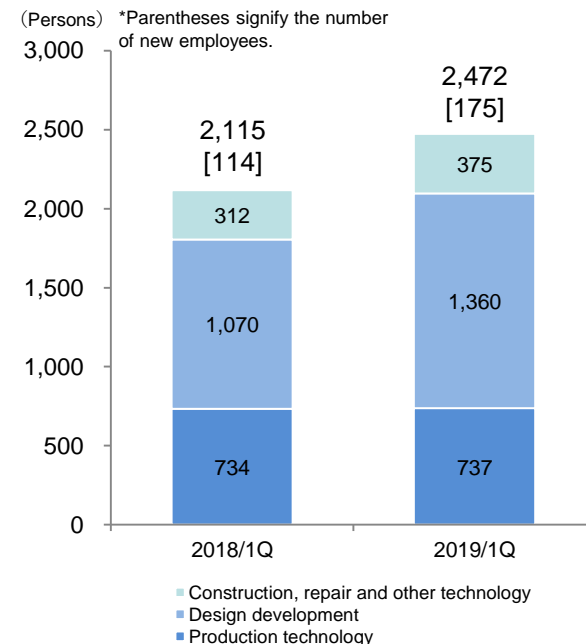
◆ Sales composition by business segment



◆ Segment income



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



^{*}We have not disclosed the sales estimate by segment.

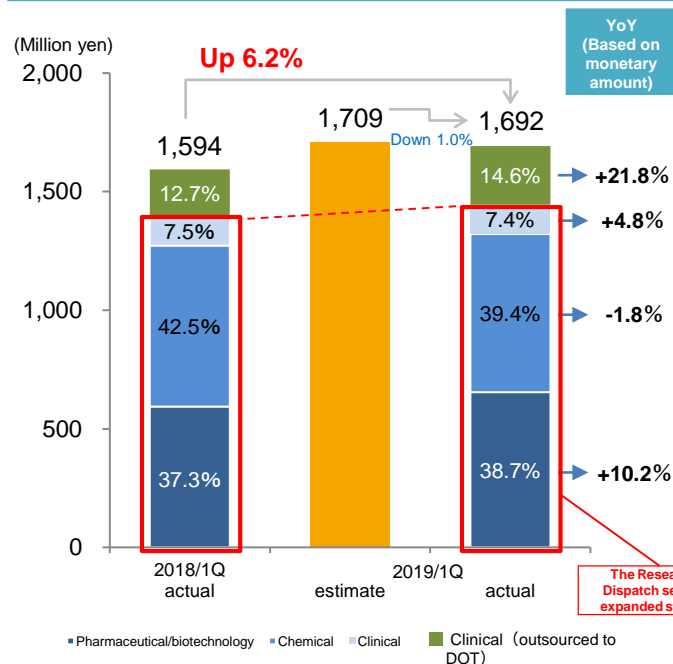
^{*}The number of staff is a three-month average.
^{*}Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

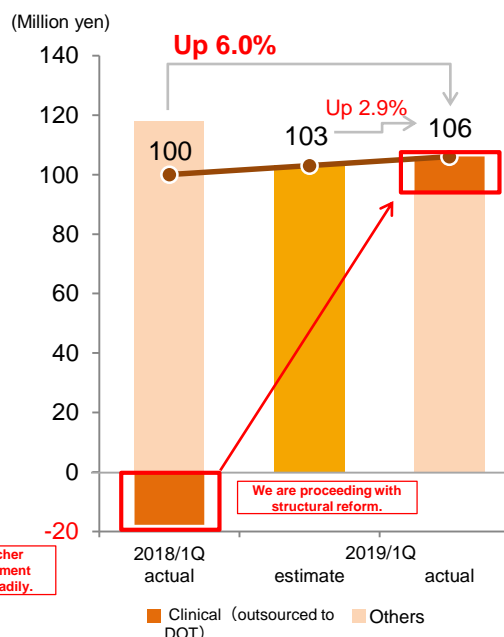
<Sales composition by business segment and the number of staff members>

- The Researcher Dispatch segment making steady progress. Making full efforts to secure talented research employees and develop human resources, while strategically increasing transactions with existing clients in the life science sector.
- Recruited a greater number of new graduates than last year, and implemented their early assignment.
- The clinical research outsourcing (CRO) segment, in the contract service of DOT World Co., Ltd., is engaged in structural reform including reconfirmation of markets, reviewing contents of business operation, etc. while taking into consideration opinions of external intellectuals.

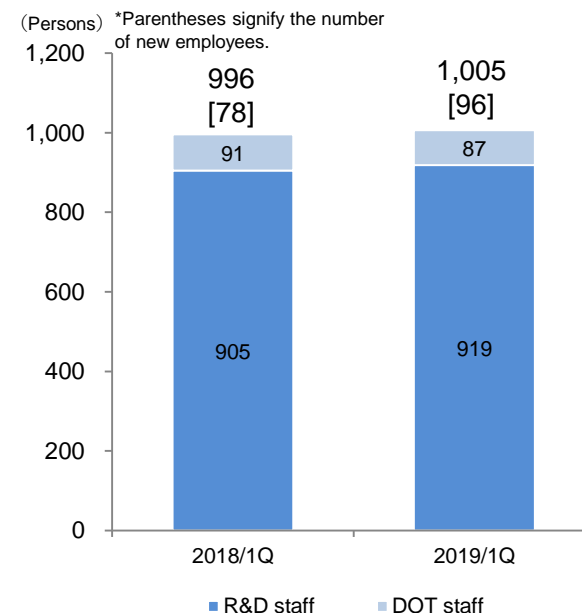
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

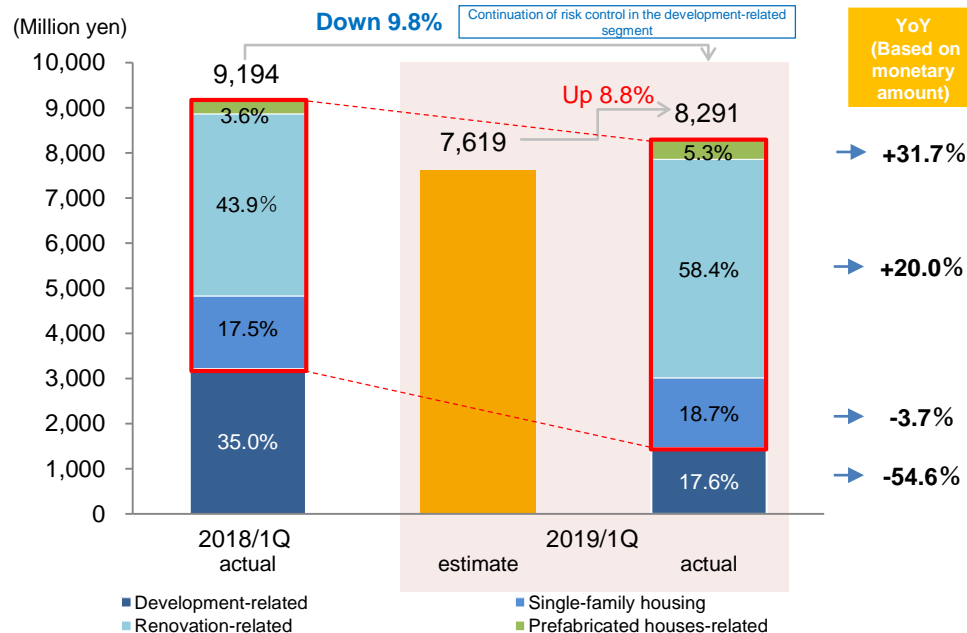
Real Estate Business

※ As for the Real Estate Business, keeping in mind the characteristics of this business, we are conducting management practices while seeing the trends compared with annual estimates.

<Sales composition by business segment, and the number of pieces of real estate handed over >

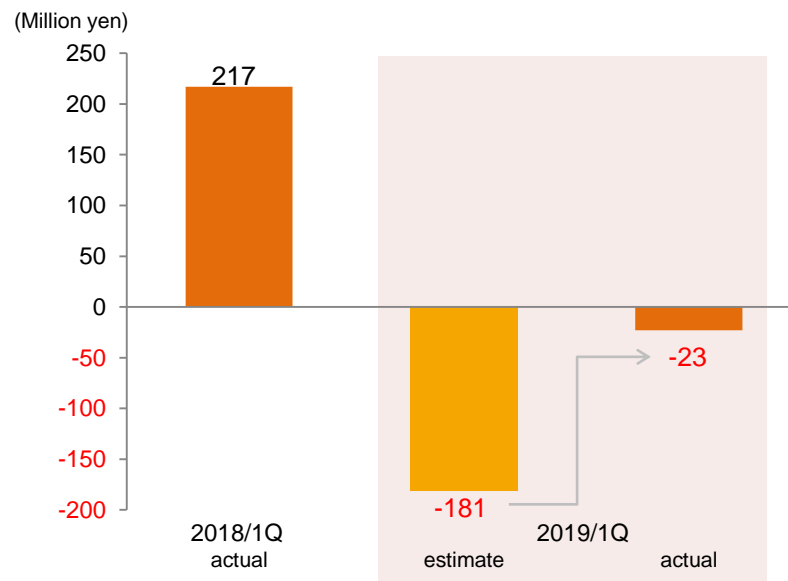
- Making efforts to enhance brand development centered around the renovation-related business.
- Keeping profit earning as our main aim for the development-related business, we maintained a stance of purchasing and delivering with suitable timing, by making use of our information and networks.
- Keeping subsequent terms in mind, we are preparing for new initiatives like conversion.

◆ Sales composition by business segment



*We have not disclosed the sales and segment income estimate by business segment.

◆ Segment income

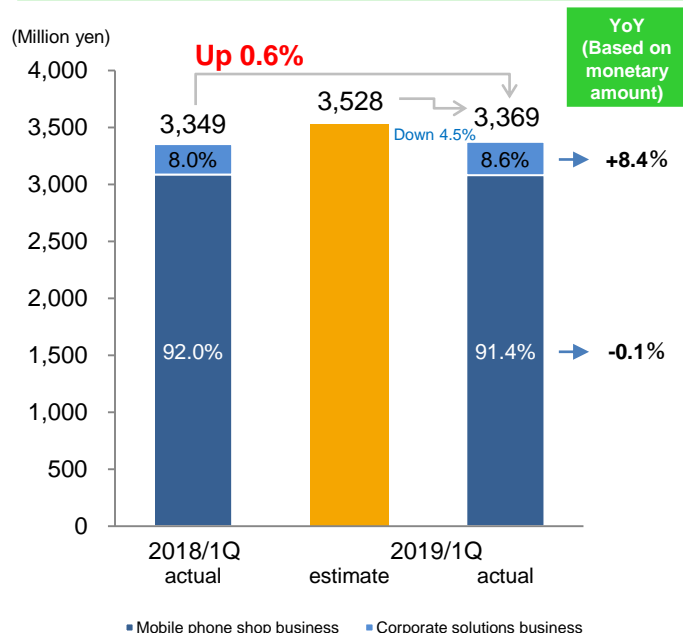


Information and Telecommunications Business

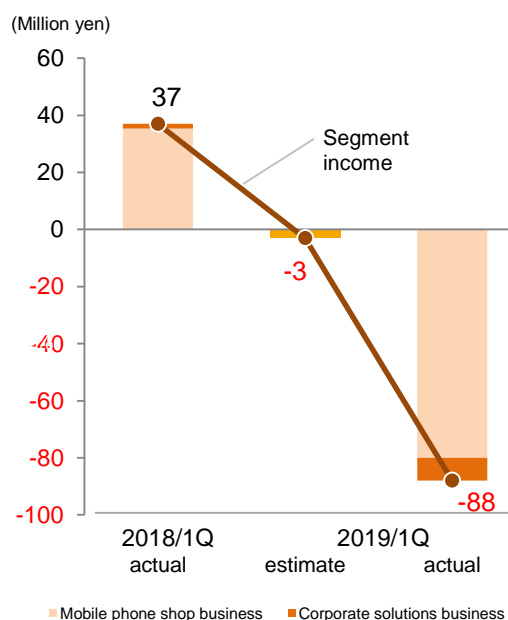
< Sales for each target and segment income >

- We invested mainly in the shop business, which would become our mainstay, for having the merits of remaining players. While investing in the development of human resources for improving their hospitality, we consolidated or closed our stores (the number of stores under direct management as of the end of Q1: 47).
- The sales of the corporate solutions business grew steadily thanks to expansion into new areas and increase of handling products. Meanwhile, the investments in initiatives for new products are currently affecting profit margins.

◆ Sales for each target



◆ Segment income



◆ Corporate solutions



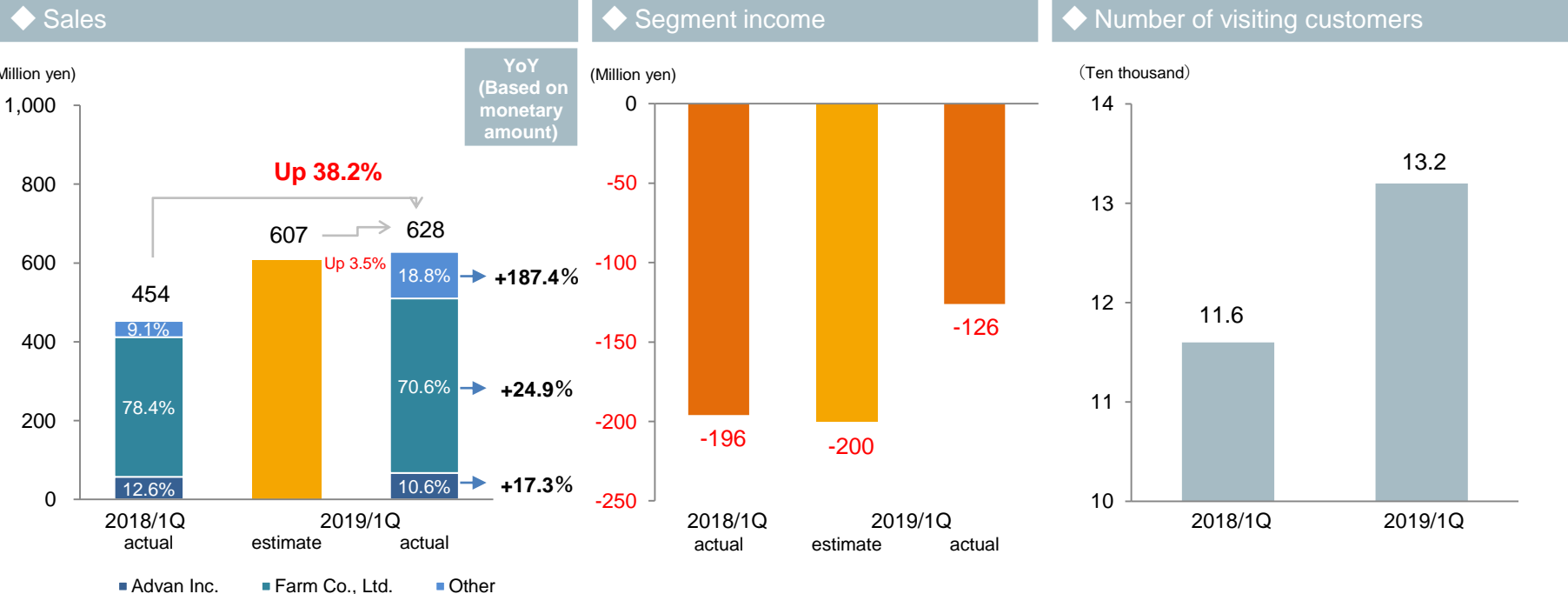
LED lighting	Air conditioners for business use	Smartphones
Multifunction machines	Computers	Internet lines
Telephone system for business use	Monitoring cameras	UTM/servers
Power Producer and Supplier	Water-saving packing	Water dispensers

*We have not disclosed the sales and segment income estimate by destination.

Others

<Sales and major activities>

- Advan Inc. achieved sales and operating income that were greater than expected through the education business targeting our group companies and other corporations.
- Farm Co., Ltd., which specializes in the agricultural park business, opened a giant athletics facility “Alps Gym” in “Shiga Agricultural Park Blumen Hugel Farm” in Shiga Prefecture in March, and the number of visitors to this facility nearly doubled year on year. We will continue the redevelopment of facilities, including “Sylvanian Park” in Comorebi Morino Ibaraido in Ibaraki Prefecture.



*We have not disclosed the breakdown of the sales and segment income estimate.

Topics (1)

March 2019 Opening of “Alps Gym,” the massive athletic facility that will be the largest in western Japan, inside Shiga Agricultural Park Blumen Hugel Farm (Nishioji, Hino-cho, Gamo-gun, Shiga), which is run by Farm Co., Ltd.

Goal

Improve facilities to attract more customers

- It's designed in harmony with nature, has a height of 17 meters with 3 stories and has the largest scale in western Japan.
- The 72 installed stations and viewing platforms of attractions such as enjoying genuine bouldering and crossing log bridges on a bicycle, humorous relaxing spots, and more, to keep customers from children to adults entertained.
- Climbing attractions with an innovative stylish design that allows up to 92 people to simultaneously play.



Topics (2)

April 2019 Established JW Solution Co., Ltd., a comprehensive human resources service company specializing in the hotel industry. [Joint investment with World Staffing Co., Ltd. and JTB Communication Design, Inc., which are consolidated subsidiaries of our company]

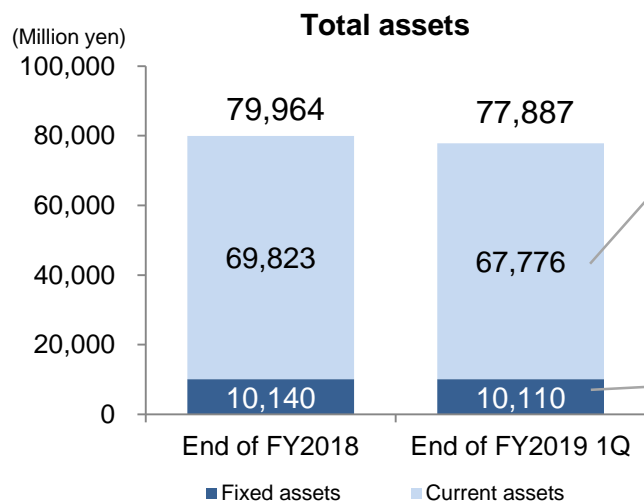
Target

Offering new solutions about human resources to the hotel industry facing a serious lack of personnel.



Financial Condition B/S

- Assets and liabilities shrank owing mainly to the controlled procurement activities in Real Estate Business.

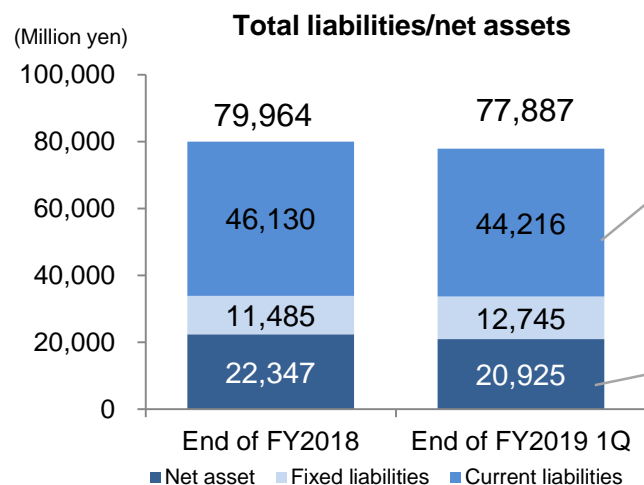


Current assets 67,776 (-2,046)

- Cash and deposits -4,068 million yen
- Notes and accounts receivable-trade -1,002 million yen
- Real estate for sale in process +2,211 million yen

Fixed assets 10,110 (-30)

- Total property, plant and equipment +128 million yen
- Goodwill -153 million yen



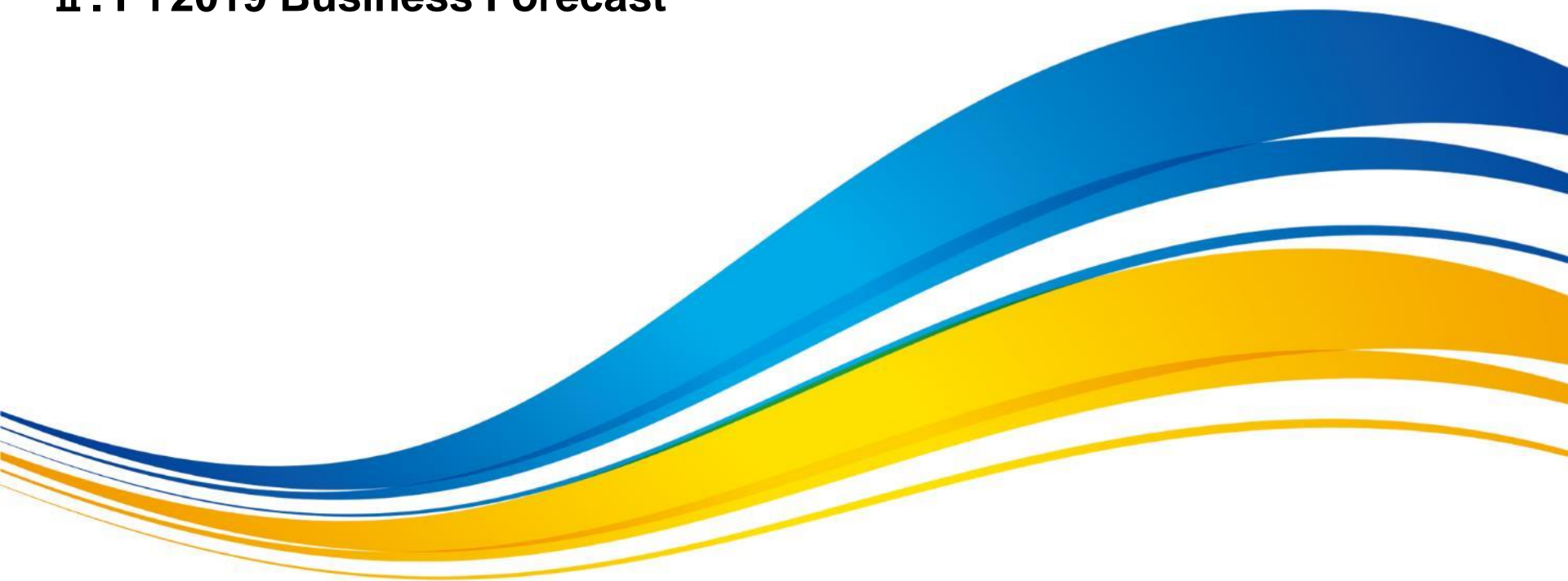
Liabilities 56,961 (-654)

- Short-term debt -378 million yen
- Accounts payable-real estate -766 million yen
- Income taxes payable -1,524 million yen
- Long-term debt +1,734 million yen

Net assets 20,925 (-1,422)

- Retained earnings -1,368 million yen

Ⅱ . FY2019 Business Forecast



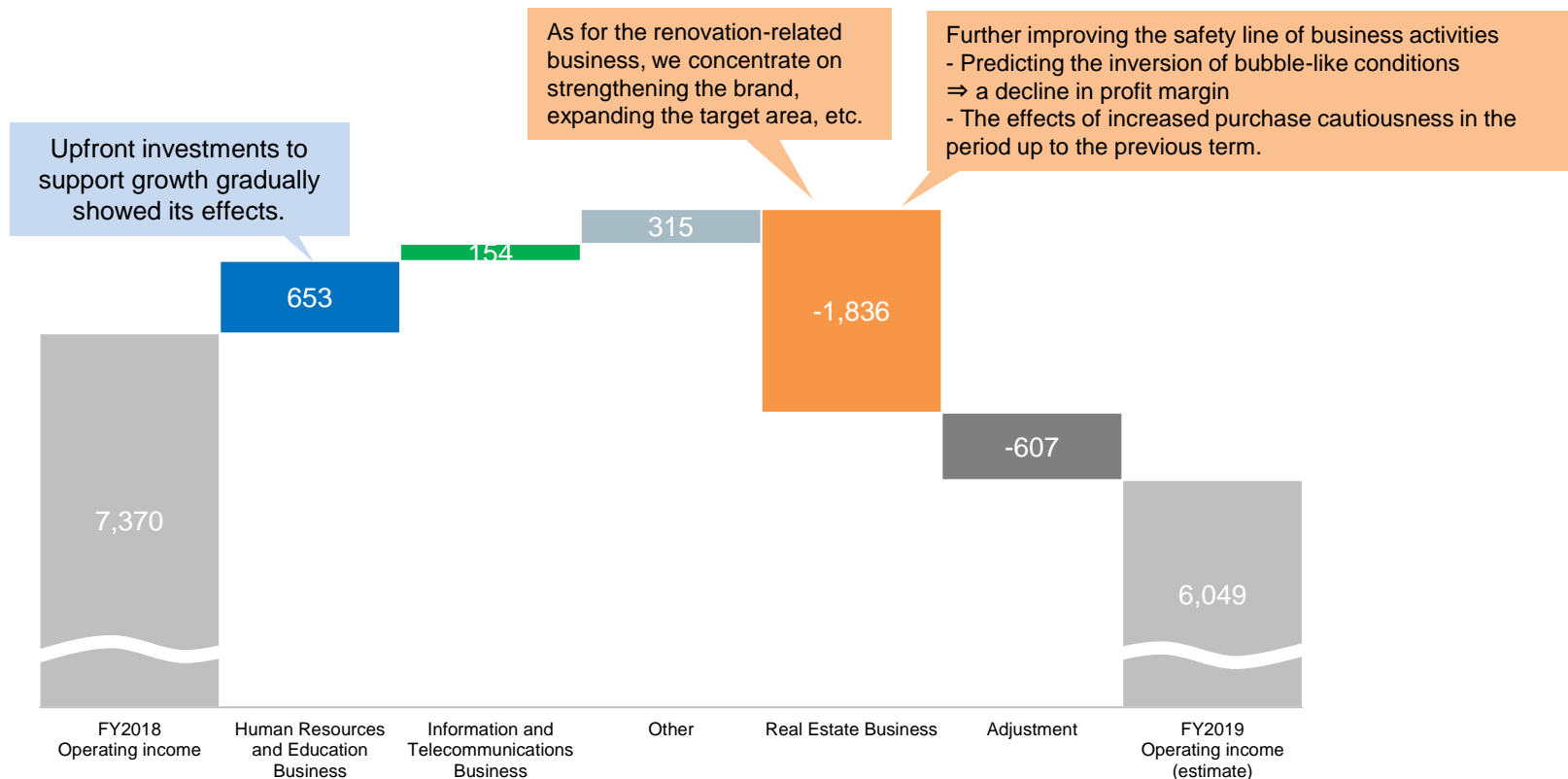
FY2019 Business Forecast

- The implementation of strategies, which adhered to the new mid-term managerial plan, sustained the growth of the Human Resources and Education Business. Along with the expansion in sales that exceeded the 5-year plan goals, the Real Estate Business shifted towards strategies that focus on safety even more, as the inversion of the bubble-like external environment was expected.

Unit: Million yen, %	Results for the term ended Dec. 2018	Forecast for the term ending Dec. 2019	YoY	
			Change	Pct. Change
Net sales	142,894	155,452	12,557	8.8
Operating income	7,370	6,049	-1,321	-17.9
Ordinary income	7,357	5,910	-1,446	-19.7
Net income attributable to owners of parent	4,650	3,672	-978	-21.0
EPS (yen)	276.38	218.11	-58.27	-21.1
Dividend per share (yen)	83.0	65.5	-17.5	-21.1

FY2019 Factors for increasing or decreasing operating income

- The Real Estate Business is amid the process of changing the revenue structure in order to strengthen its adaptability to the external environment, and the rising cautiousness of purchases in the development-related business, etc. are being reflected in the new estimate. On the other hand, the renovation-related business is expected to keep growing.



Business Forecast by Segment

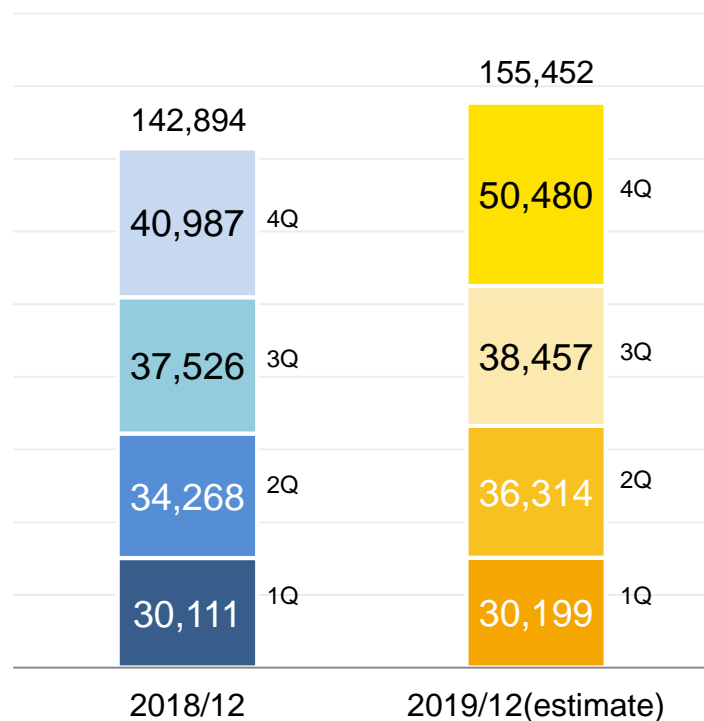
- As for the company's mainstay business, the Human Resources and Education Business, all segments are estimated to increase sales and profit.

Unit: Million yen, %			Results for the term ended Dec. 2018		Forecast for the term ending Dec. 2019		YOY	
			(Profit margin)		(Profit margin)		Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	49,524		53,427		3,903	7.9
		Segment income	3,169	(6.4%)	3,309	(6.2%)	140	4.4
	Technology Business	Net sales	15,200		18,228		3,028	19.9
		Segment income	1,337	(8.8%)	1,548	(8.5%)	211	15.8
	R&D Business	Net sales	6,779		7,638		859	12.7
		Segment income	559	(8.3%)	719	(9.4%)	160	28.6
	Sales & Marketing Business	Net sales	3,533		4,066		533	15.1
		Segment income	-100	—	40	(1.0%)	140	(—)
	Total (reference)	Net sales	75,038		83,361		8,323	11.1
		Segment income	4,964	(6.6%)	5,617	(6.7%)	653	13.2
Real Estate Business	Real Estate Business	Net sales	52,011		56,063		4,052	7.8
		Segment income	4,589	(8.8%)	2,753	(4.9%)	-1,836	-40.0
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	12,376		12,019		-357	-2.9
		Segment income	3	(0.0%)	157	(1.3%)	154	5,133.3
Other	Others	Net sales	3,467		4,008		541	15.6
		Segment income	-270	—	45	(1.1%)	315	(—)
Total	Total	Net sales	142,894		155,452		12,558	8.8
		Elimination or corporate	-1,917		-2,525		(—)	(—)
		Operating income	7,370	(5.2%)	6,049	(3.9%)	-1,321	-17.9

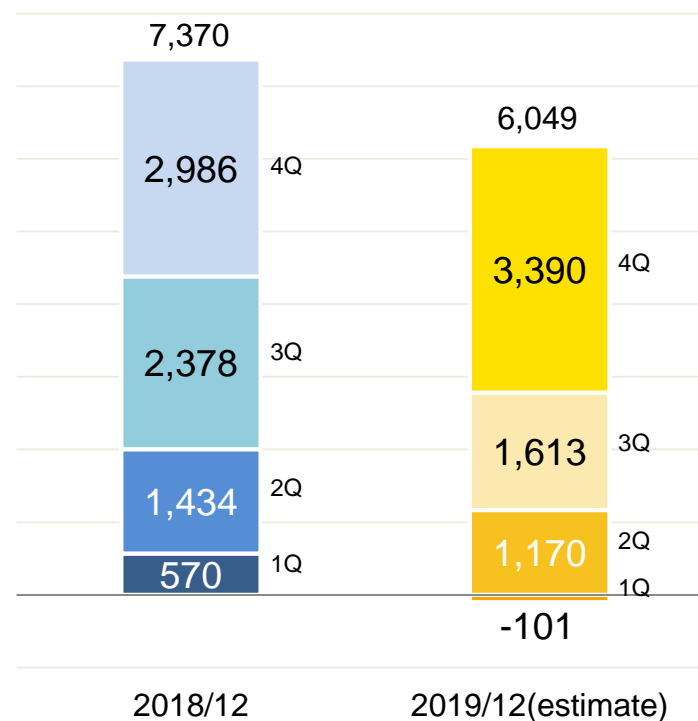
Quarterly Business Forecast

- We will Improve the management transparency and continue to disclose our financial result forecast on a quarterly basis to help shareholders and investors make investment decisions.

Net sales



Operating income



Quarterly Business Forecast by Segment

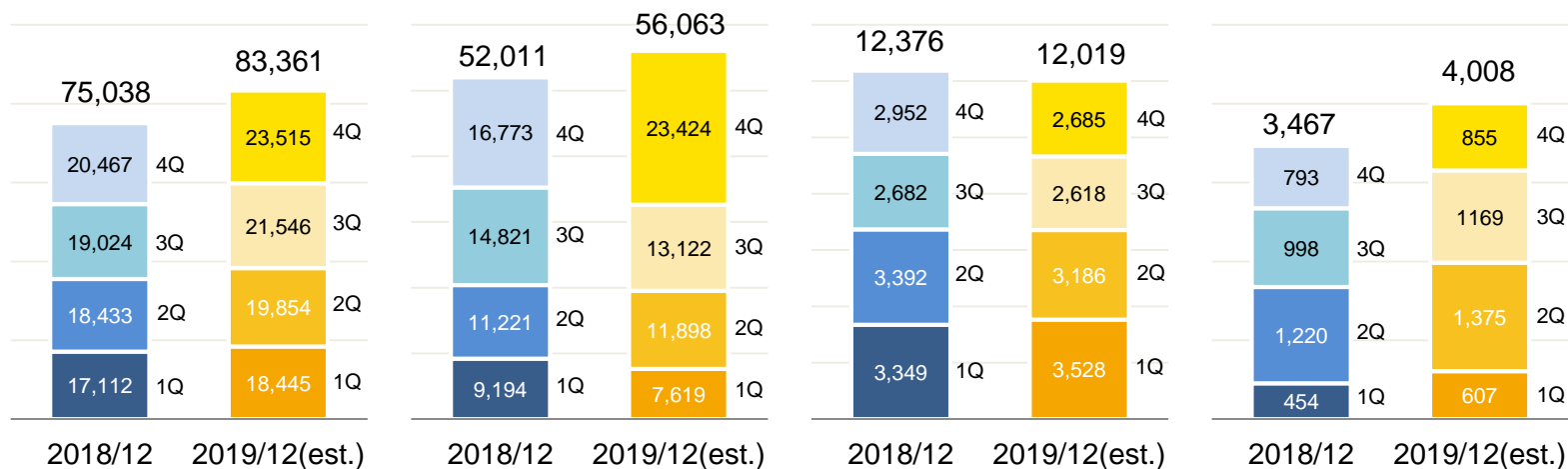
Human Resources and Education Business

Real Estate Business

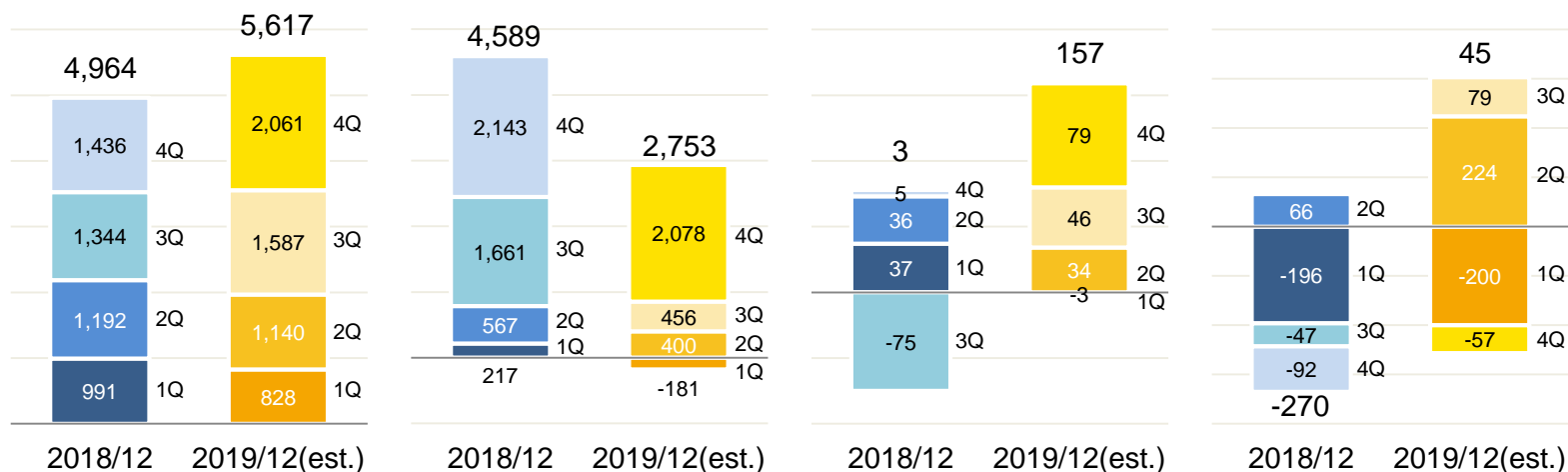
Information and Telecommunications Business

Other

Net sales

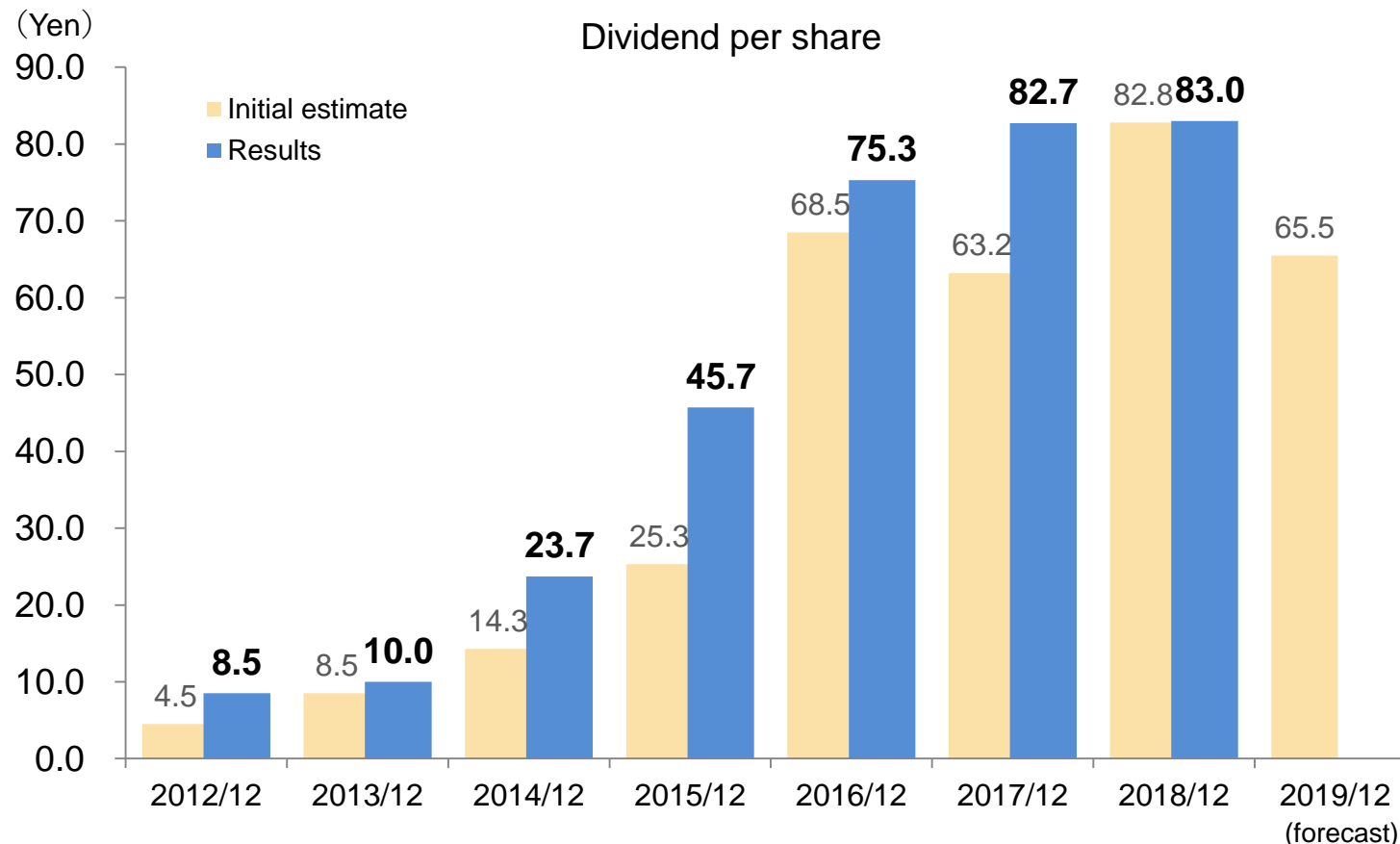


Segment income



Shareholder Returns

We aim to increase dividends stably and continuously, and 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. About Mid-term Managerial Plan



Overview of New Mid-term Managerial Plan 2021

Expansion based on well-balanced business administration

- To evolve well-balanced business management mainly in the core businesses, and pursue optimal profit performance
- To enter the business fields peripheral to each segment, and provide new services
- To use M&A as one of the effective methods during the aforementioned process

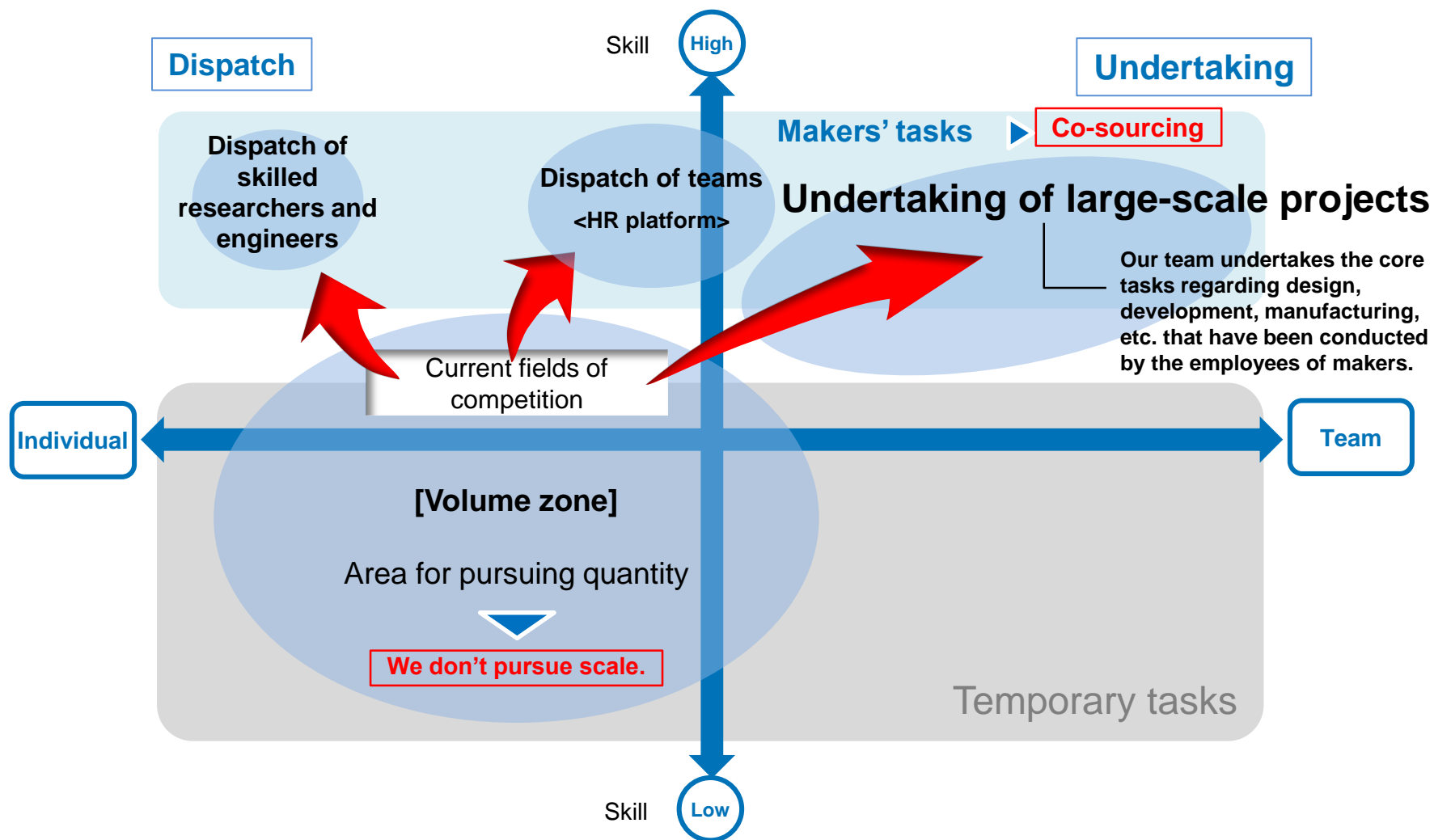
[First half of the mid-term managerial plan]

[Second half of the mid-term managerial plan]



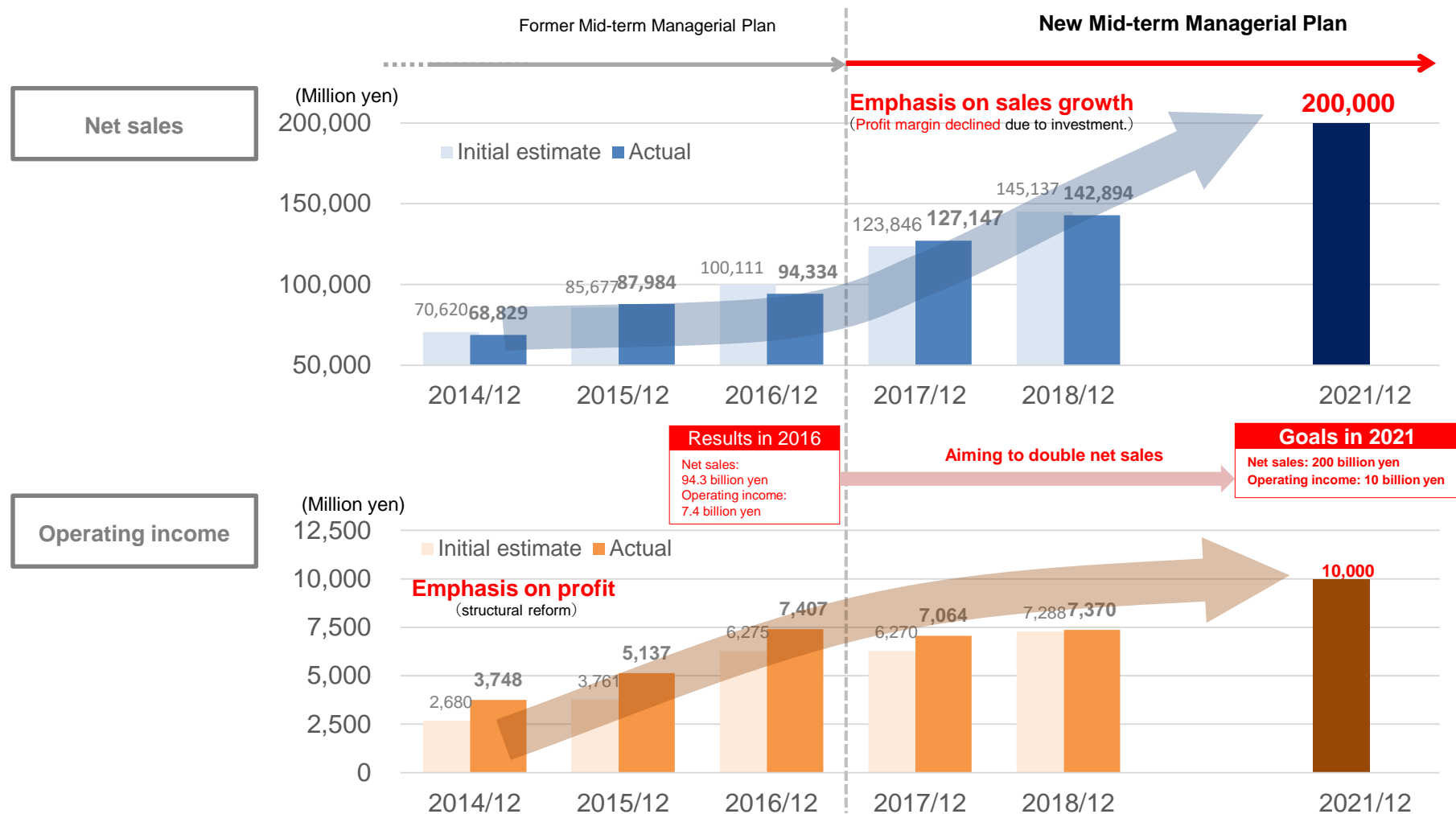
Ideal state of Human Resources and Education Business

Ideal state to achieve by fiscal 2021 ⇒ Our unique position & high profitability



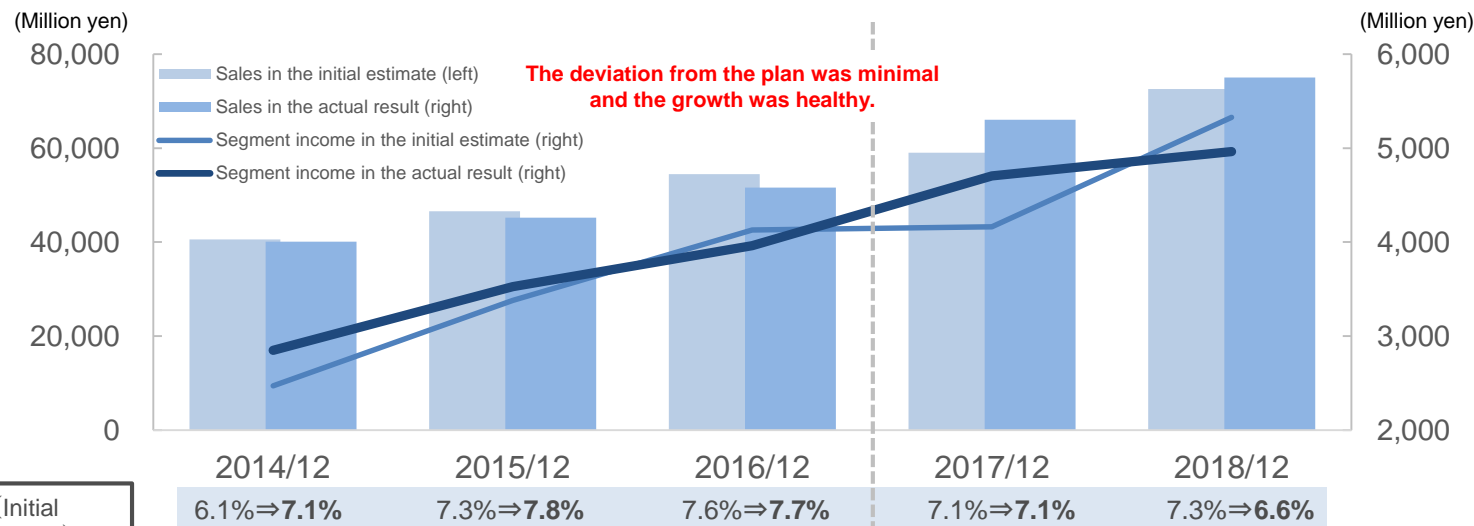
Initial Estimate vs. Changes in Actual Business Performance (for Last 5 Years)

Up until 2018, the progress has been generally in line with the new mid-term managerial plan (focused on **sales growth**).

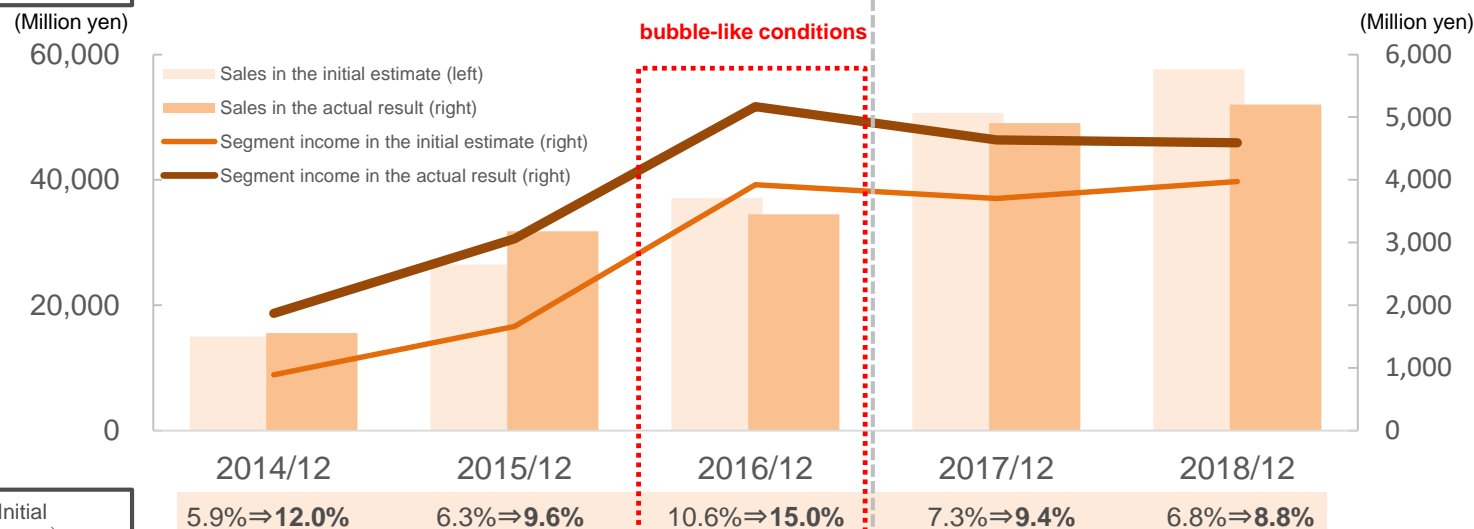


Changes in Actual Business Performance by Segment (for Last 5 Years)

Human Resources and Education Business



Real Estate Business



IV. Reference



About the utilization of foreign workers

	Status of residence	Related examples	Restrictions on work permits
Current utilization areas	Residency status for professional or technical fields	Health care provider, educators, transferees working for a multinational corporation, lawyers, etc.	Work is only permitted within the scope prescribed in the residency status.
	Residency status based on social status	Permanent residents such as second generation Japanese descendants, Japanese spouses, permanent residents.	Work activities are unlimited.
	Technical Intern Training	Trainees who seek the transfer of technology in related fields such as the manufacturing, fishing, and agriculture industries.	Must return home after completing the intern training within a maximum of 5 years
	Designated Activities	EPA candidates for nurses and care workers, working holiday, amateur sports players, etc.	Must return home if he/she can't pass the state exam within 3 years
	Activity other than that permitted under the status of residence	Part-time jobs of transfer students, etc.	Work activities are capped at 28 hours per week, and 8 hours per day if he/she is on vacation
Newly established	Highly-skilled workers class 1	Considerable knowledge or experience in any of the designated 14 fields confirmed through an exam.	Limited to a maximum of 5 years.
	Highly-skilled workers class 2	Not accepting for the first few years after establishing the system.	Unlimited
Challenges	Does hiring foreign workers fits their nature? <ul style="list-style-type: none"> - Recruitment suitable for the purpose of their status of residence - Arrangements by the receiving party (Work environment and accepting companies) - Supporting workers (culture, daily life, and blending in a local community) - Compliance 		
	Are measures being taken to cope with the sudden increase?		

It is highly dependent on who and how to utilize foreign workers, but there are also uncertainties.

**Our stance
based on currently
available information**

Make extensive efforts to closely watch the system's course, prepare for the expected increase, and create a solid system to support companies and individuals.

For More Information

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