



FY2019 Second Quarter Financial Results

August 19, 2019 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange (2429)

Contents

I. Summary of FY2019 Second Quarter Financial Results

- Summary of Financial Results ... P3
- Overview of Business Results by Segment (year on year) ... P4
- Details of Each Segment ... P5
- Financial Condition B/S ... P14
- Cash Flows ... P15

II. FY2019 Business Forecasts

- FY2019 Business Forecast ... P17
- FY2019 Factors for increasing or decreasing operating income ... P18
- Business Forecast by Segment ... P19
- Quarterly Business Forecast ... P20
- Shareholder Returns ... P22

III. Rolling plan for New Mid-term Managerial Plan 2021

- Review of the performance from 2017 to the first half of 2019 ... P24
- Formulation of a rolling plan for New Mid-term Managerial Plan 2021 ... P27
- Concept of the rolling plan for New Mid-term Managerial Plan 2021 ... P28
- Numerical goals for 2021 ... P29

I . Summary of FY2019 Second Quarter Financial Results



Summary of Financial Results

- Sales and profit grew year on year. **The forecast has been revised upwardly, because profit exceeded the initial estimate considerably**, mainly thanks to the Real Estate Business. The full-year earnings forecast has not been revised.
- All segments, including Human Resources and Education Business, which is performing well and our mainstay, earned profits exceeding the initial estimates.

(Unit: Million yen)

	2018/2Q actual	*2019/2Q initial estimate	2019/2Q actual	Result against estimate Surplus	YoY	
					Change	Pct. Change
Net sales	64,379	66,514	66,827	+ 312	+2,447	+3.8%
Operating income	2,005	1,057	2,529	+ 1,472	+524	+26.2%
Ordinary income	2,001	992	2,529	+1,537	+528	+26.4%
Net income attributable to owners of parent	1,079	605	1,685	+1,080	+606	+56.2%

*Announced on February 12, 2019

Overview of Business Results by Segment (year on year)

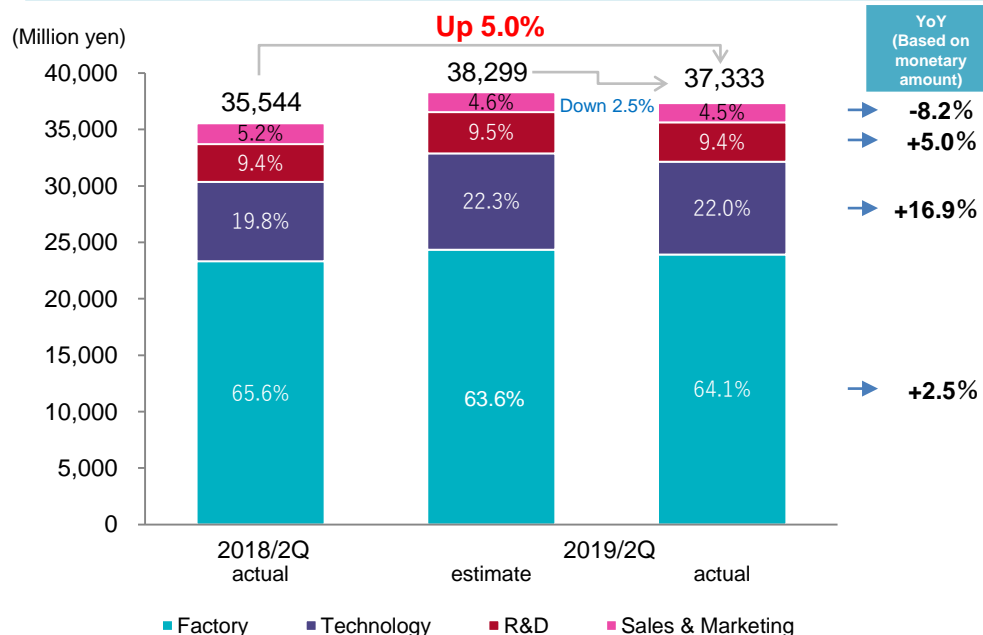
Unit: Million yen			2018/2Q		2019/2Q		YOY	
			actual	(Profit margin)	actual	(Profit margin)	Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	23,332		23,913		580	2.5
		Segment income	1,392	(6.0%)	1,137	(4.8%)	-254	-18.3
	Technology Business	Net sales	7,029		8,220		1,191	16.9
		Segment income	604	(8.6%)	774	(9.4%)	170	28.1
	R&D Business	Net sales	3,336		3,504		167	5.0
		Segment income	247	(7.4%)	263	(7.5%)	16	6.7
	Sales & Marketing Business	Net sales	1,847		1,695		-151	-8.2
		Segment income	-60	—	-33	—	26	—
Total (reference)		Net sales	35,544		37,333		1,789	5.0
		Segment income	2,183	(6.1%)	2,142	(5.7%)	-40	-1.8
Real Estate Business	Real Estate Business	Net sales	20,416		20,377		-39	-0.2
		Segment income	784	(3.8%)	1,227	(6.0%)	443	56.5
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	6,741		6,999		257	3.8
		Segment income	73	(1.1%)	48	(0.7%)	-24	-33.4
Other	Others	Net sales	1,675		2,117		441	26.4
		Segment income	-130	—	196	(9.3%)	327	—
Total		Net sales	64,379		66,827		2,447	3.8
		Elimination or corporate	-905		-1,086		-180	—
		Operating income	2,005	(3.1%)	2,529	(3.8%)	524	26.2
<Reference>								
Real Estate Business	Development/Single-family housing	Net sales	11,861		10,807		-1,054	-8.9
		Segment income	550	(4.6%)	1,013	(9.4%)	463	84.2
Real Estate Business	Renovation/Prefabricated houses	Net sales	8,555		9,570		1,015	11.9
		Segment income	234	(2.7%)	214	(2.2%)	-20	-8.5

Overall Segment

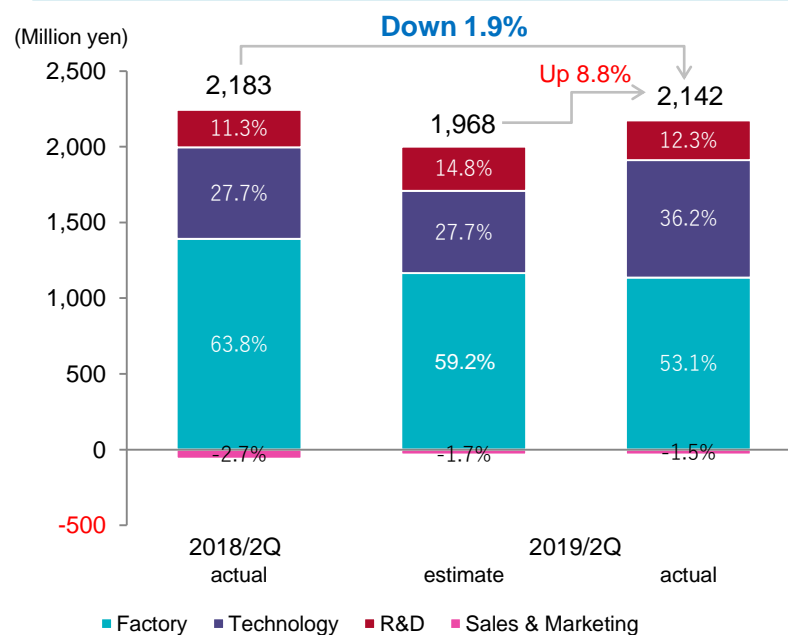
<Composition Ratio of Sales and Segment Income by Segment>

- Response to the changing external environment, including the amendment of laws
⇒Steadily promoted measured upfront investment from the medium- and long-term perspective in order to raise the brand strength (capability of gathering workers)
- Stagnant IT-related demand influenced by the overseas environment
⇒Factory Business was partially affected, but there was no significant impact on Technology or R&D Businesses.

◆ Sales composition



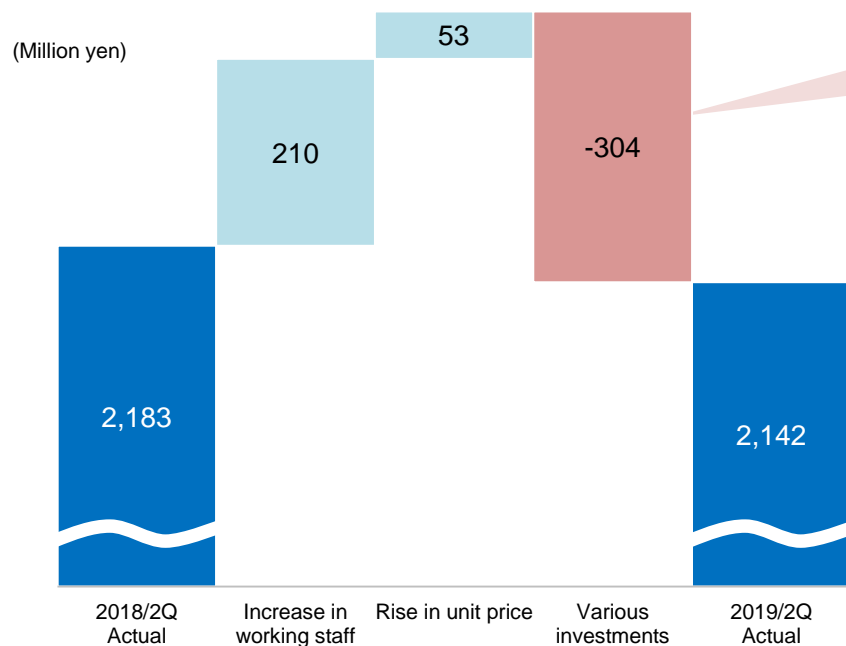
◆ Segment income



Overall Segment

<Factors in Changes of Segment Income>

- 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



- Factory Business
 - Enrichment of training programs at “Technical Center”
 - ⇒ Development of personnel in advanced fields, such as equipment maintenance
 - 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 of personnel in advanced fields at the collaborative research lab of an affiliated university
 - “Training centered around ‘Hospitality Mind’”
- 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

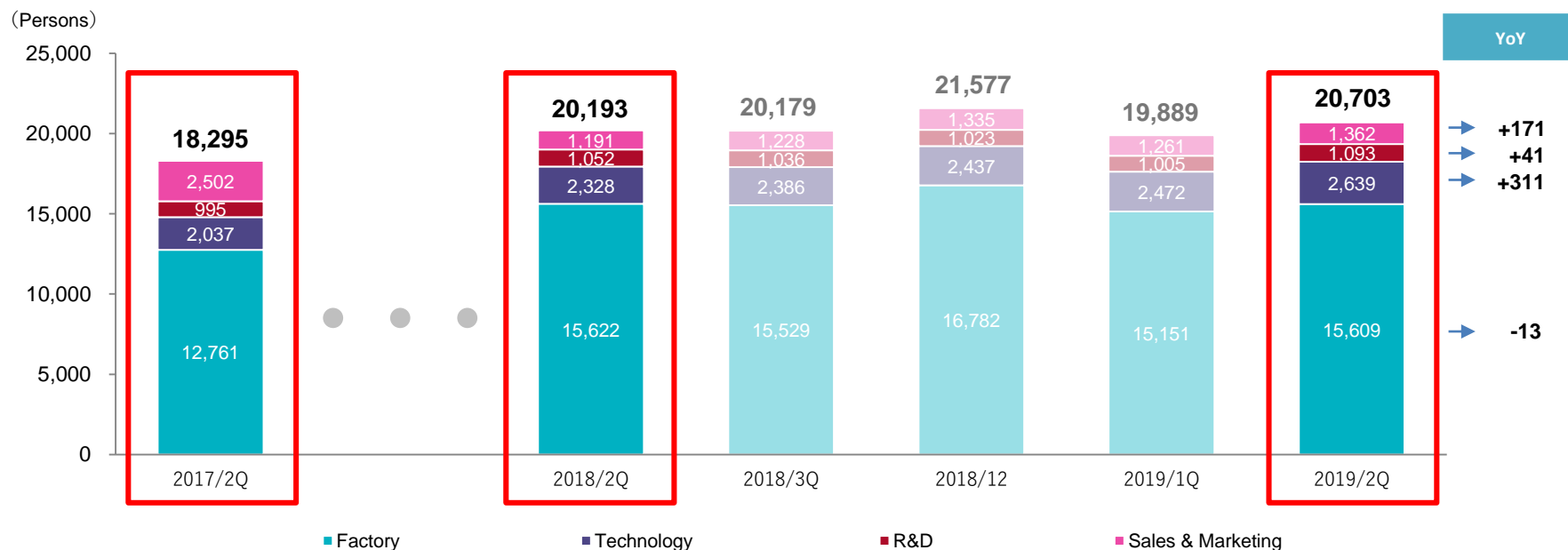
Increase of new employees and improvement in retention rate by enhancing brand power
 Formation of highly capable engineer team
 (Development of more advanced business fields + promotion of our company)

Overall Segment

<The number of staff members>

- Factory Business was affected by the partial reduction of production of smartphones, semiconductors, etc., but the growth in the distribution field covered it.
- Technology Business saw a significant increase in the number of staff, through the enrichment of our scheme for training and assigning engineers, early assignment of new graduates, the increase of major clients due to enhanced marketing, etc.

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



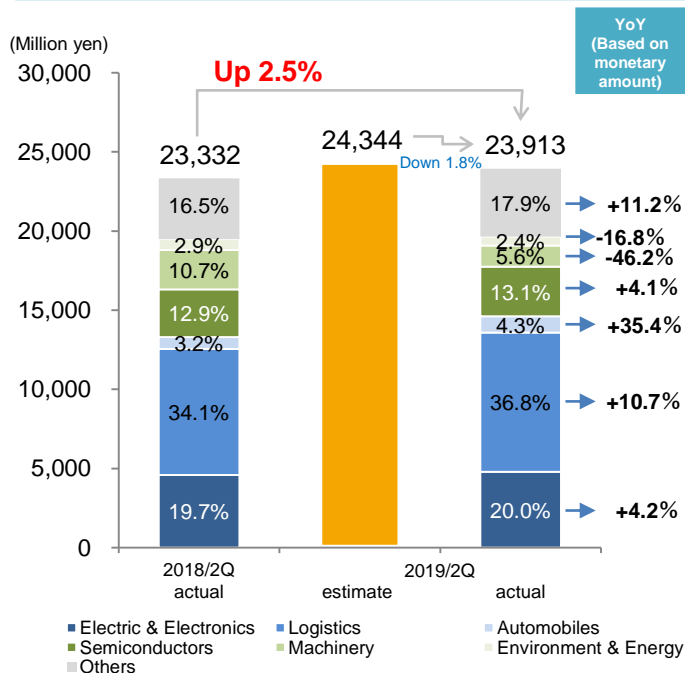
*The number of staff in Factory Business includes external staff members accepted from other companies.

Factory Business

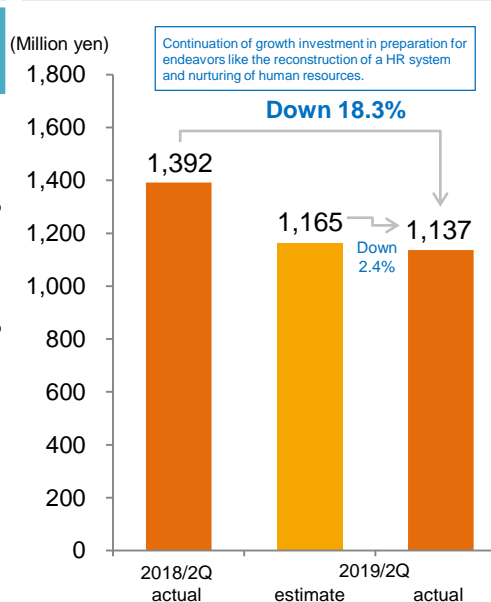
<Sales composition by business segment and the number of staff members>

- Although the production amounts of some smartphones, semiconductors, etc. decreased, sales grew steadily in the distribution field, where we excel. In addition, we focused on the development of leaders, for further business expansion into other fields.
- We concentrated on the training and assignment of personnel in advanced fields of FC technologies, such as equipment maintenance.
- Developed a new solution package for clients, while expecting the enforcement of the policy of equal pay for equal work.
⇒Secured transactions from the next term, by stirring up latent demand.

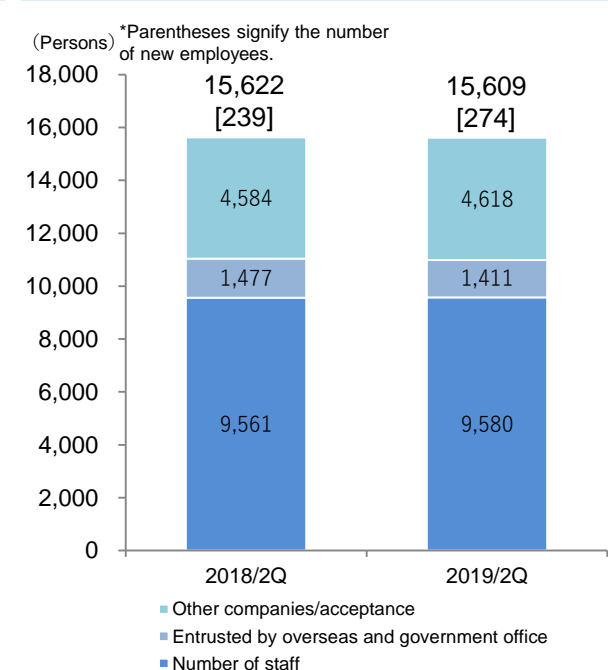
◆ Sales composition by business segment



◆ 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.

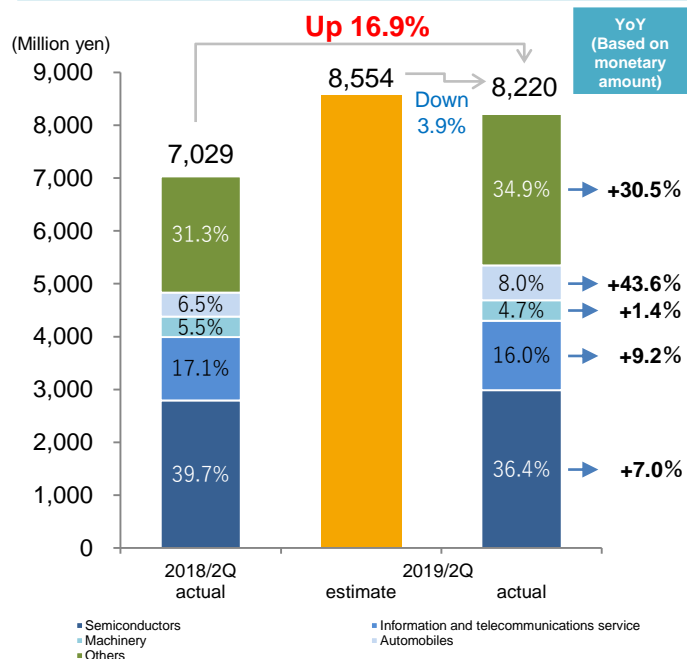
Technology Business

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

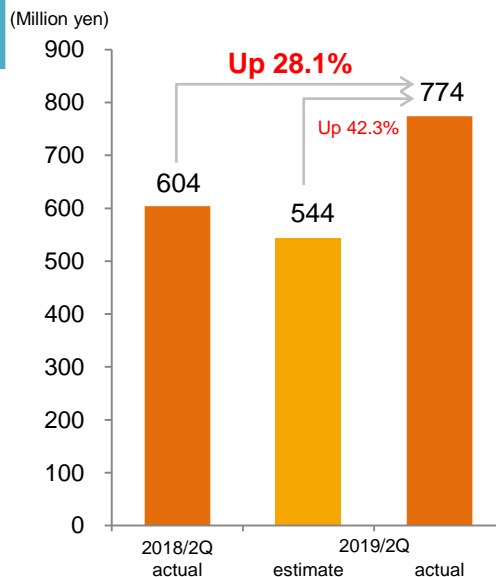
- The scheme for developing and producing engineers titled “Creating the Ways We Live Academy”* was successful. In particular, the production of mechanical design engineers working in the automobile-related segment progressed healthily, and business partners increased. Furthermore, strengthening of sales increased business partners related to the information and telecommunication services.

*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.

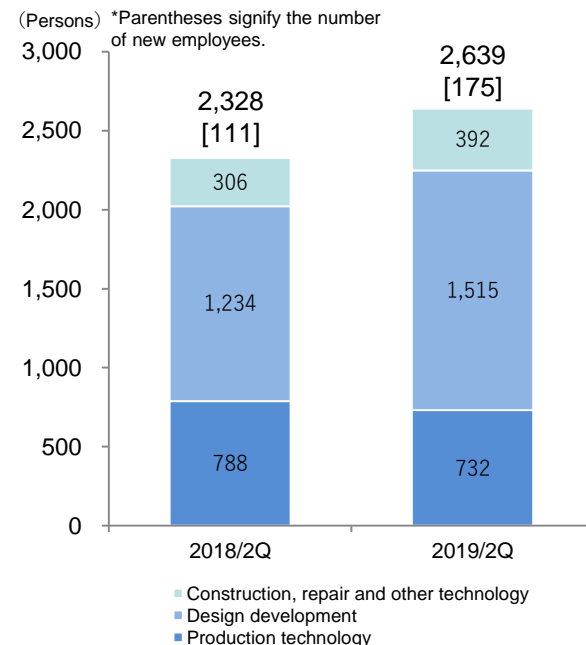
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

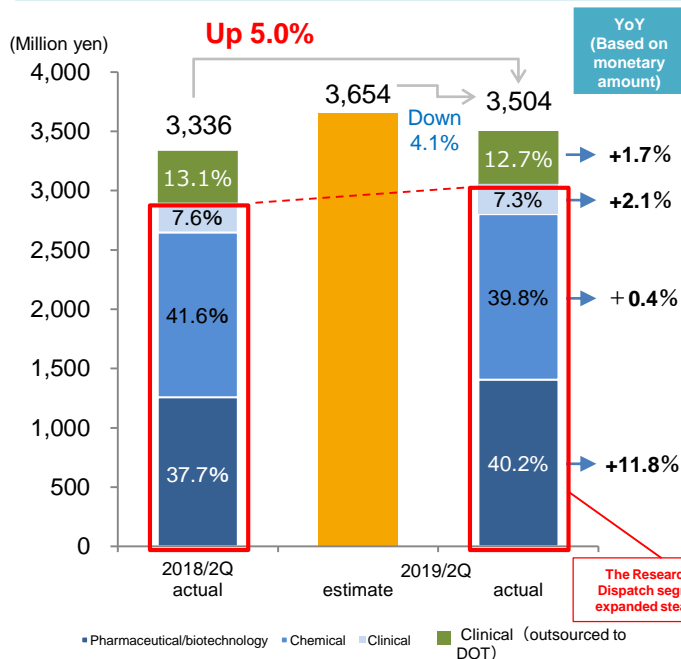
*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

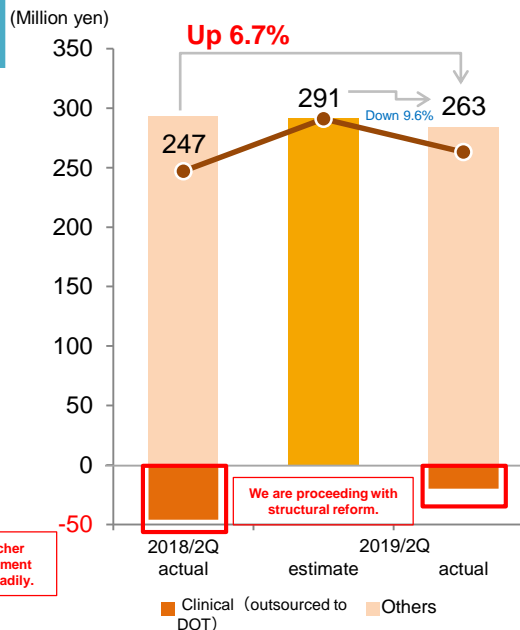
<Sales composition by business segment and the number of staff members>

- The Researcher Dispatch segment increased transactions with existing clients in the bio field, including materials, chemical synthesis, and analysis.
- With the aim of evolving from “a staffing company” to “a technical support enterprise,” we try to rigorously select and recruit excellent researchers and train personnel in advanced fields at the collaborative research lab of an affiliated university.
- The clinical research outsourcing (CRO) segment steadily proceeded with clinical trials entrusted by enterprises, in parallel with the structural reform of DOT World Co., Ltd.

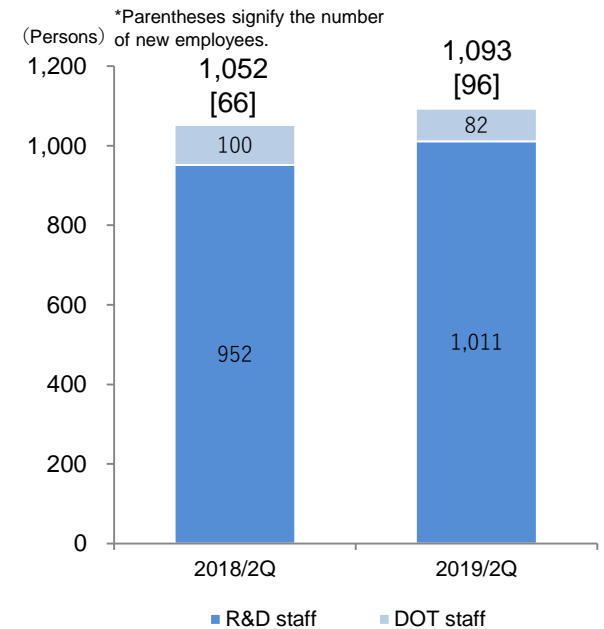
◆ Sales composition by business segment



◆ 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.

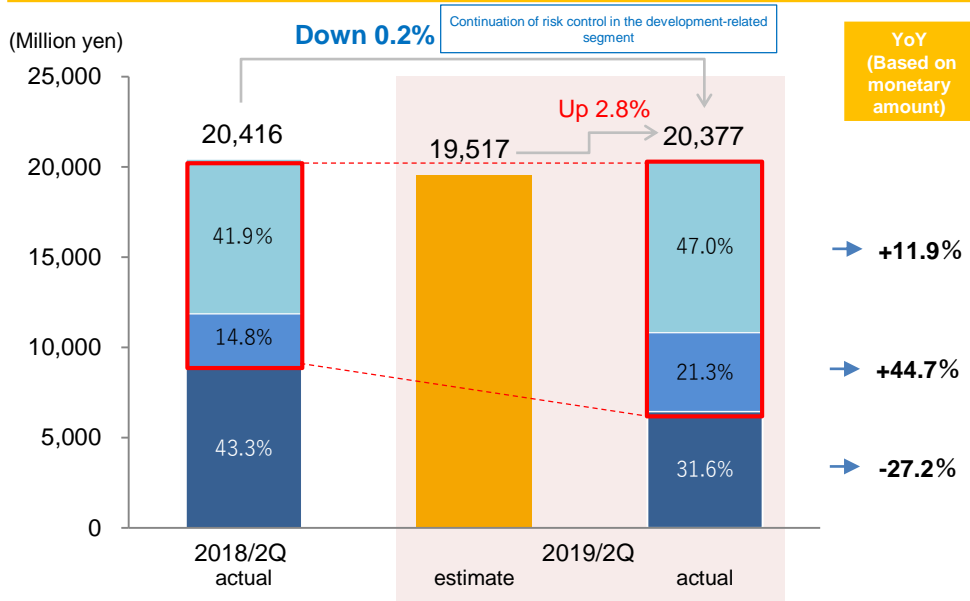
Real Estate Business

※ 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.

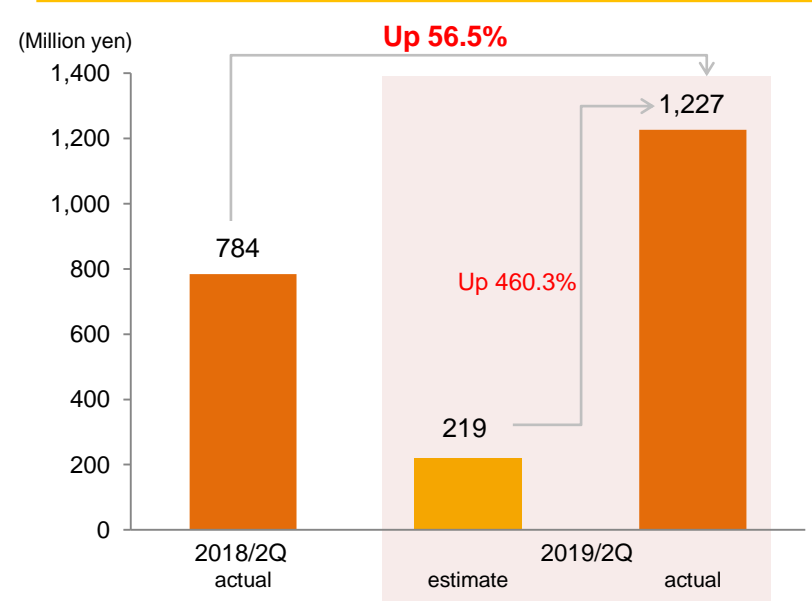
<Sales composition by business segment, and the number of pieces of real estate handed over >

- 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. Meanwhile, some properties were delivered ahead of schedule.
- Keeping subsequent terms in mind, we are preparing for new initiatives like conversion.

◆ Sales composition by business segment



◆ Segment income



■ Development-related ■ Single-family housing ■ Renovation-related and others

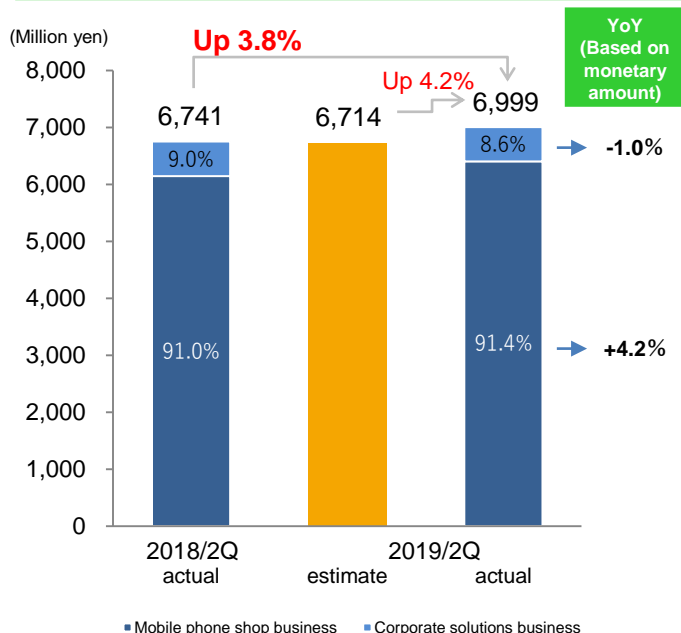
*We have not disclosed the sales and segment income estimate by business segment.

Information and Telecommunications Business

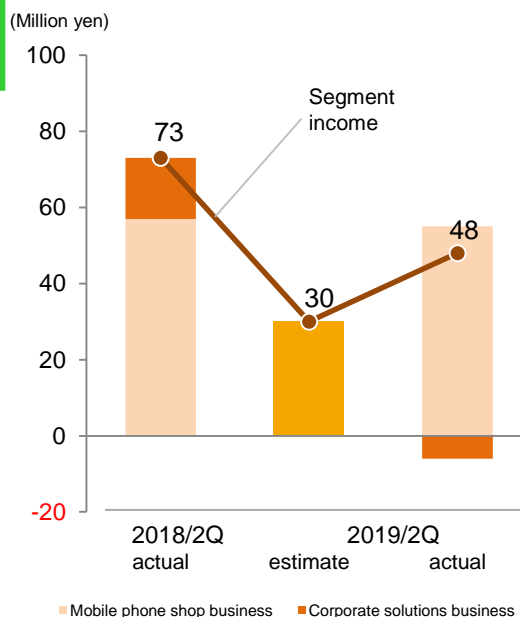
< Sales for each target and segment income >

- We invested mainly for strengthening the shop business, which is our mainstay (including the personnel development for brushing up their knowledge and ability to attend to customers, and the implementation of store supporting measures) with the aim of sharing the merits of remaining players. On the other hand, we planned the establishment of a network of excellent shops, and promoted the integration and closing of stores (43 directly managed stores as of the end of Q2).
- In the corporate solutions business on which we focus, we strengthened the sales system from the second half. We developed call centers for selling new products, etc.

◆ 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

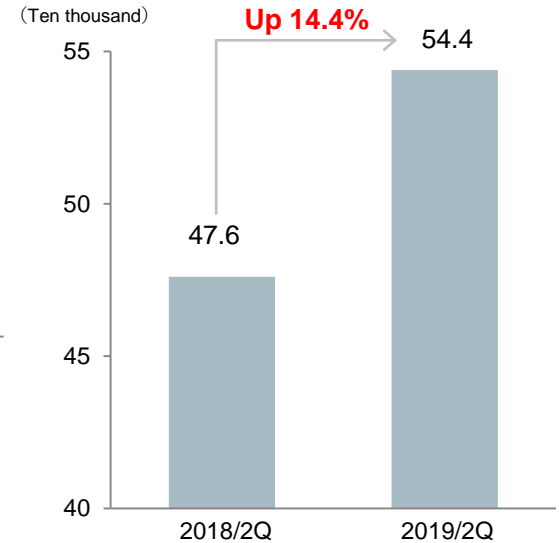
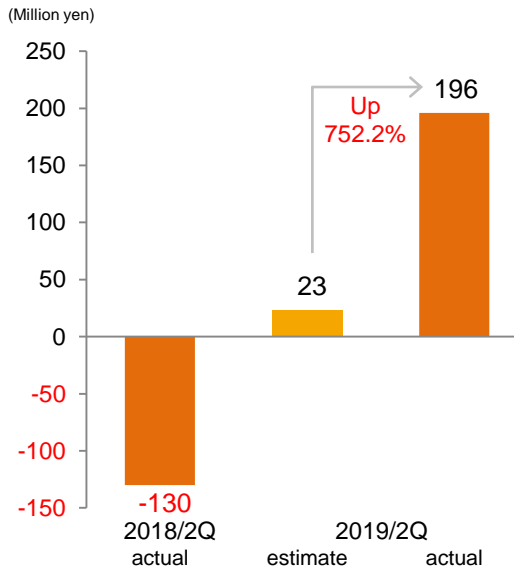
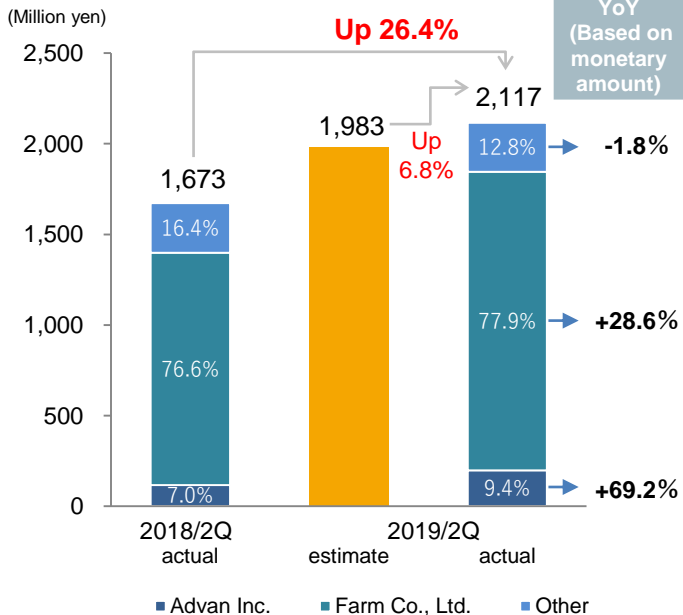
*We have not disclosed the sales and segment income estimate by destination.

Others

<Sales and major activities>

- 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 increased 65% year on year. Measures for attracting customers certainly exert their effect, such as redevelopment of facilities, including “Sylvanian Park” in Comorebi Morino Ibaraido in Ibaraki Prefecture (the number of visitors to the park grew 33% year on year).
- Advan Inc. achieved sales and operating income that were greater than expected through the education business targeting our group companies and other corporations.

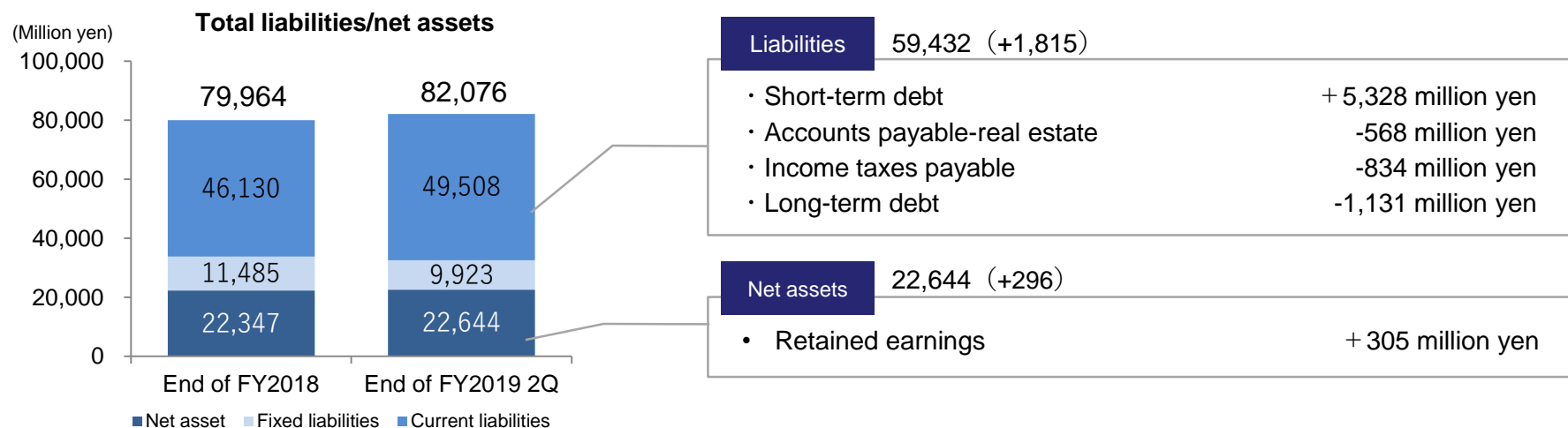
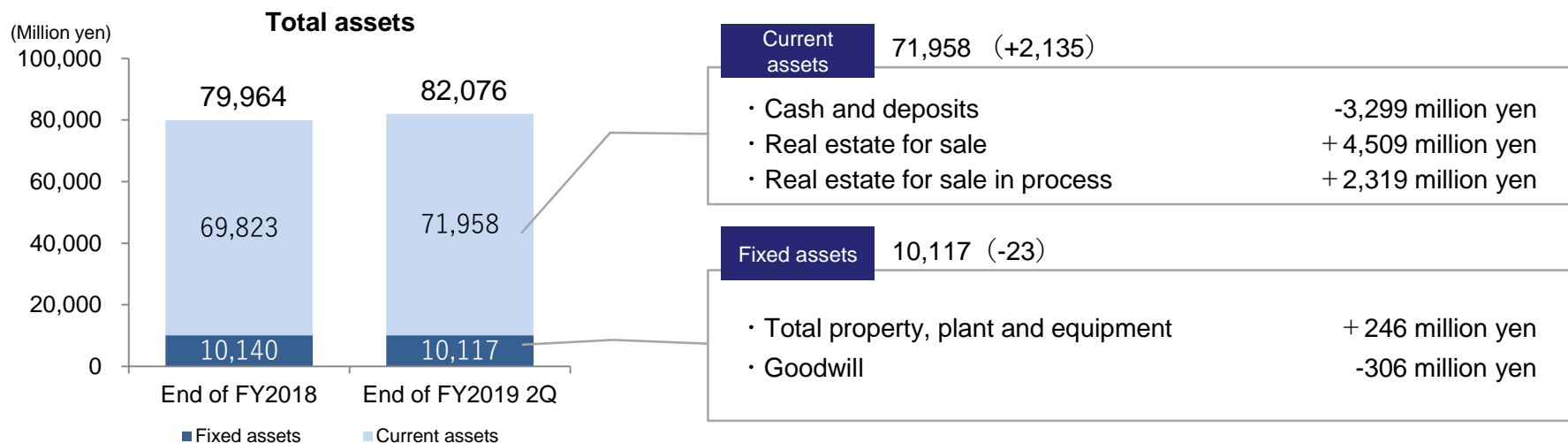
◆ Sales ◆ Segment income ◆ Number of visiting customers



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

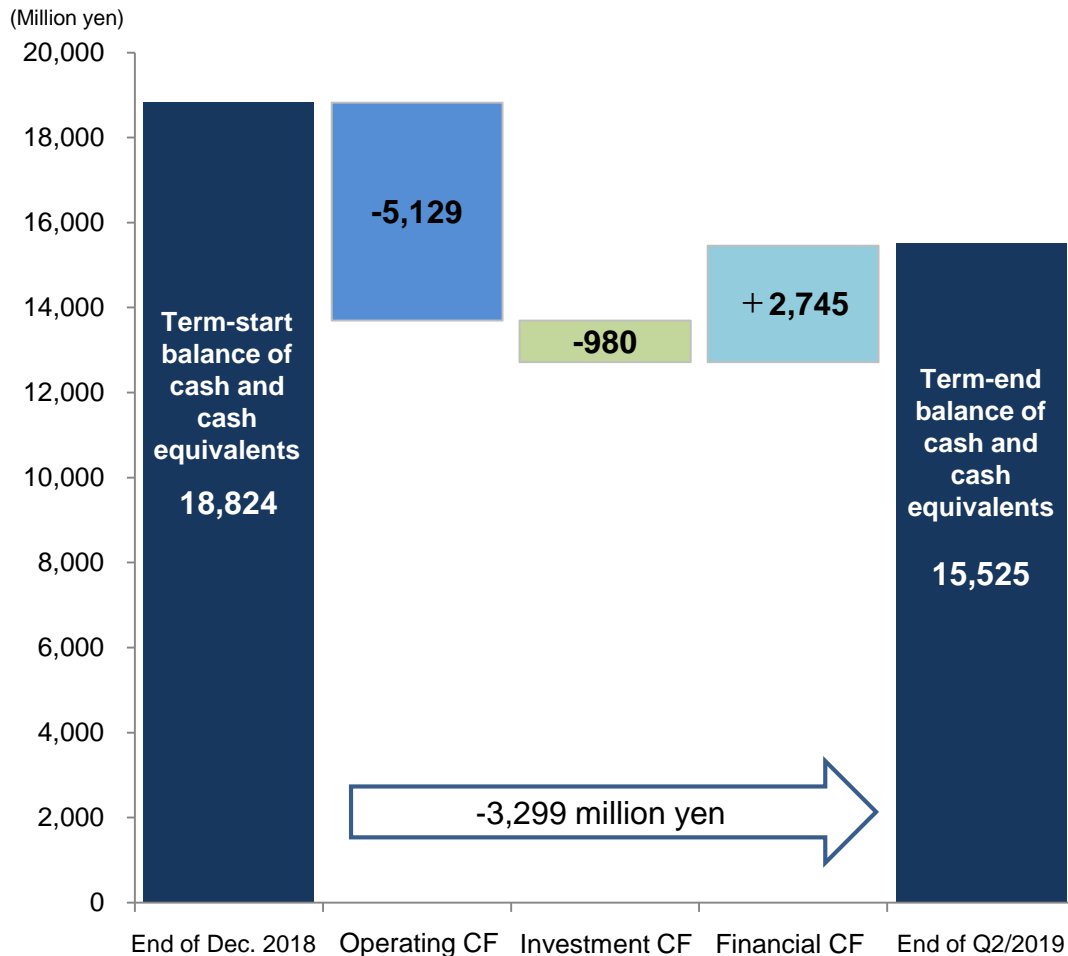
Financial Condition B/S

- As we conduct careful procurement, real estate for sale increased, and assets and liabilities augmented.



Cash Flows

- Operating CF was minus 5,129 million yen, investment CF was minus 980 million yen, and financial CF was plus 2,745 million yen.



Operating CF

- Quarterly net profit before taxes and other adjustments 2,596 million yen
- Increase/decrease in real estate for sale -6,828 million yen
- Paid income taxes, etc. -1,701 million yen
- Refunded income taxes, etc. 847 million yen

Investment CF

- Expenditure through the acquisition of property, plant and equipment -592 million yen
- Expenditure for acquiring the shares of non-consolidated subsidiaries -174 million yen
- Expenditure for acquiring intangible fixed assets -118 million yen

Financial CF

- Increase in short-term debt 3,551 million yen
- Proceeds from long-term borrowing 2,535 million yen
- Expenditure through the repayment of long-term debt -1,887 million yen
- Payment of dividends -1,397 million yen

II . FY2019 Business Forecast



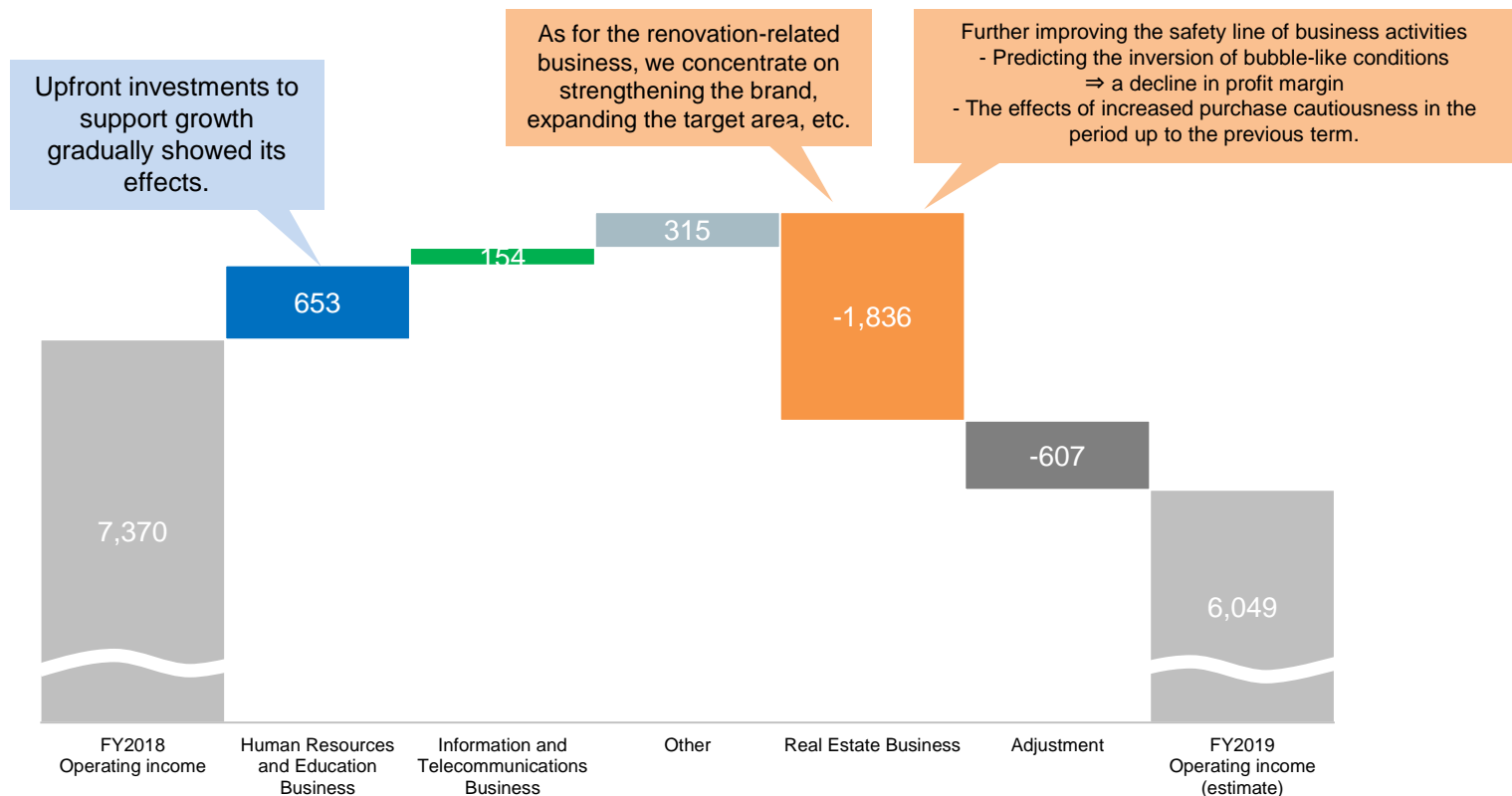
FY2019 Business Forecast

- 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.



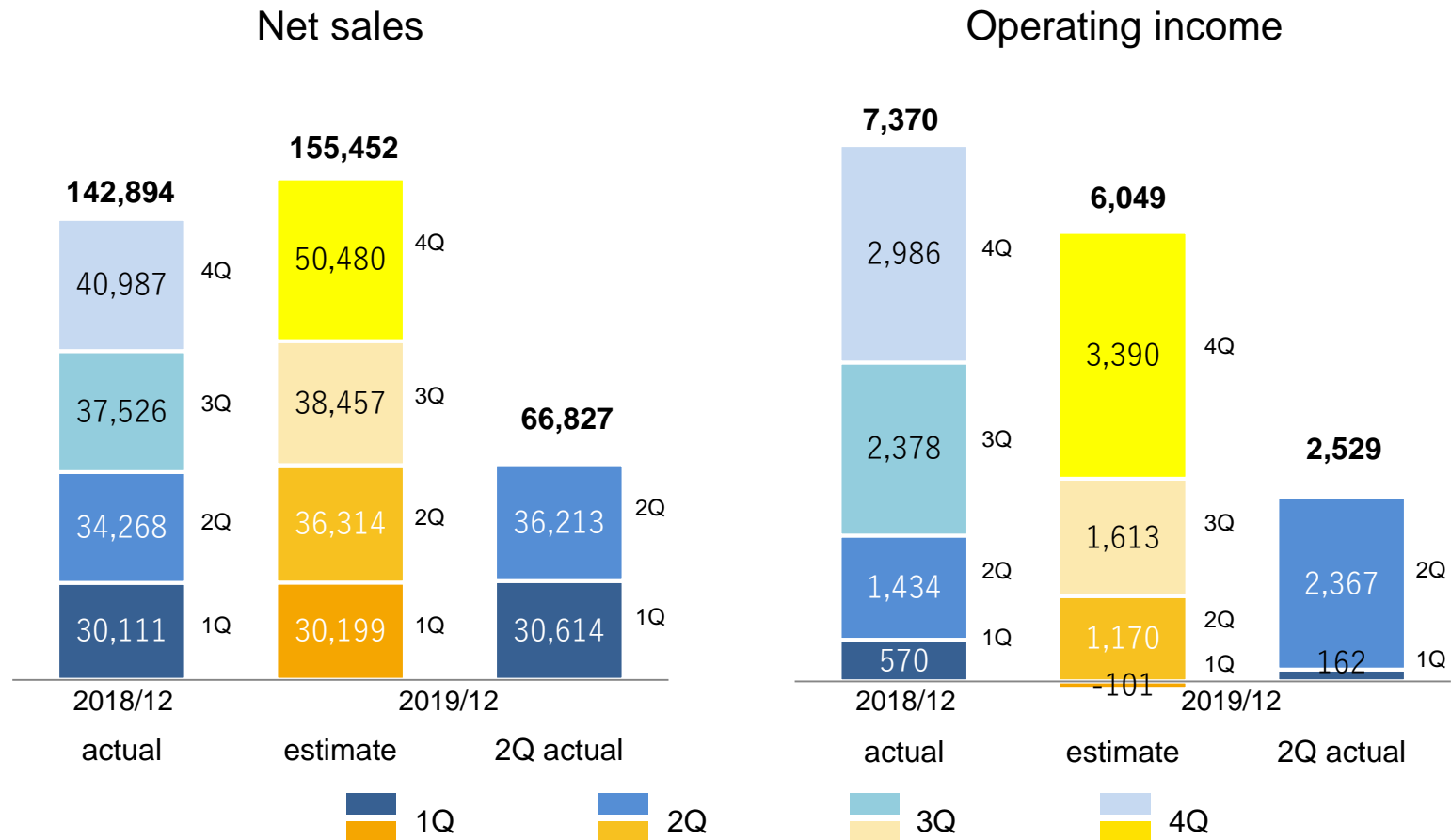
Business Forecast by Segment

- 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		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.



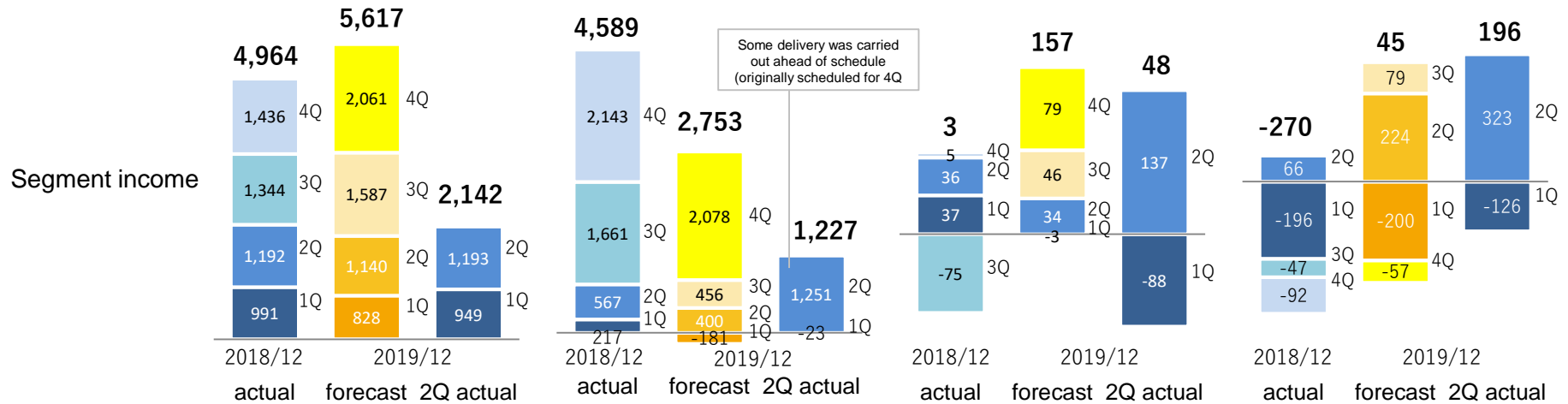
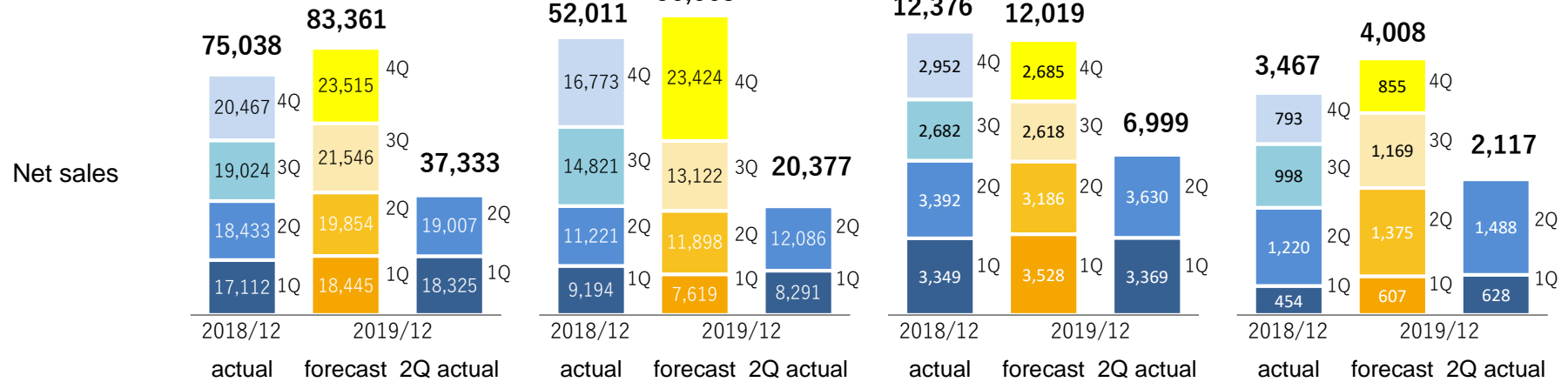
Quarterly Business Forecast by Segment

Human Resources and Education Business

Real Estate Business

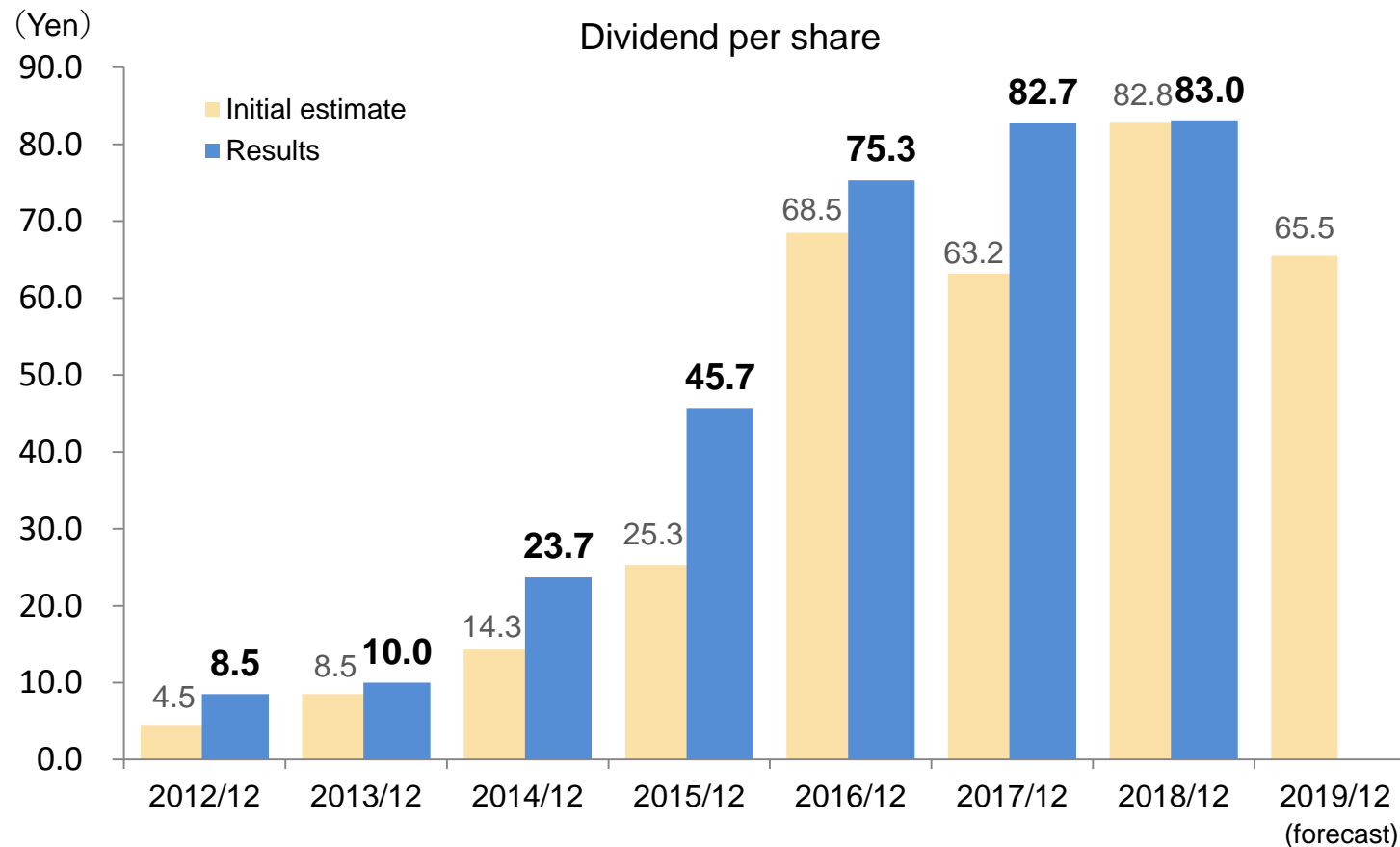
Information and Telecommunications Business

Other



Shareholder Returns

We aim to increase dividends stably and continuously, and achieve a payout ratio of 30%.



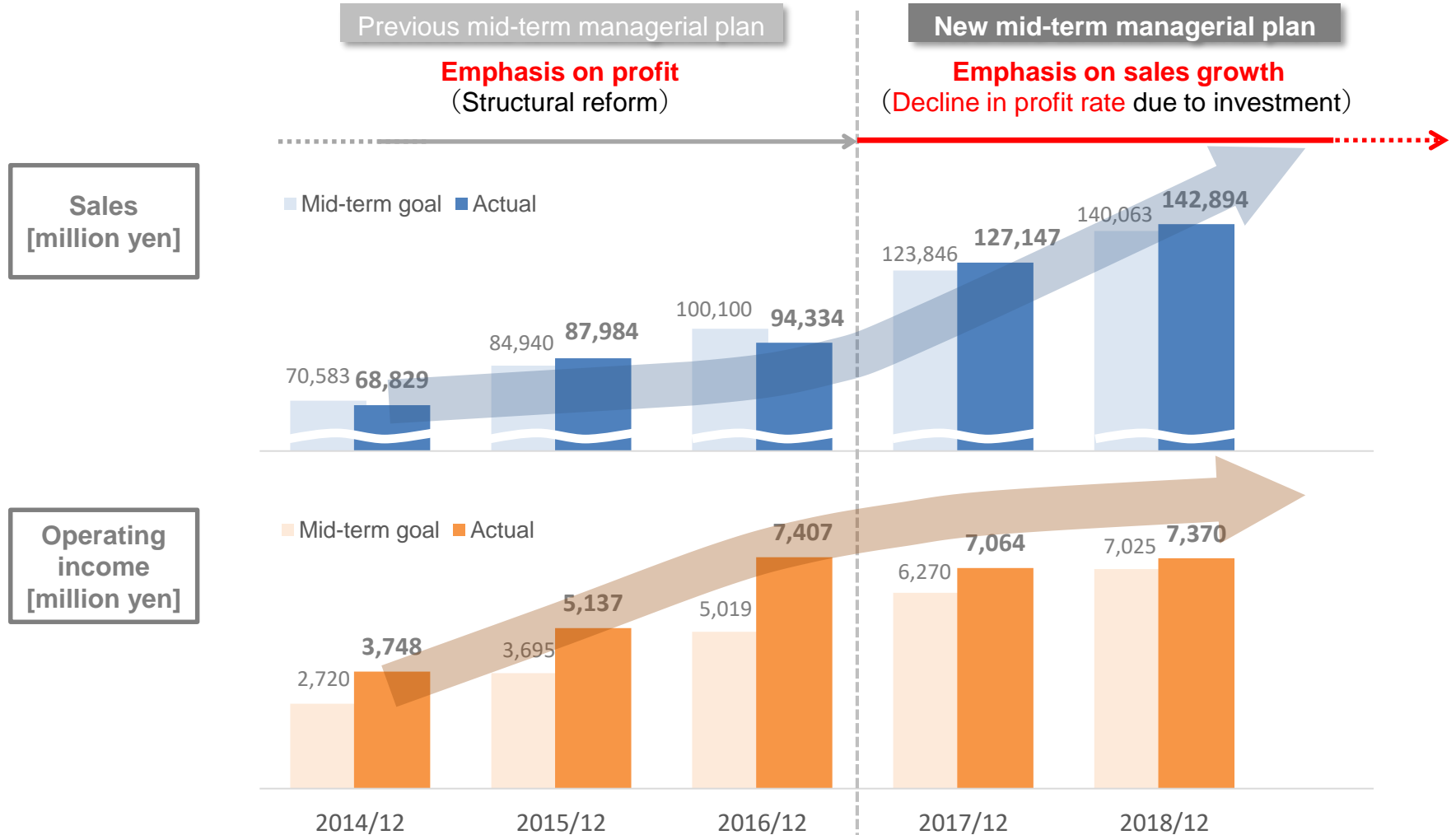
*The forecast and dividend estimated are based on the information that the Company has and a certain assumption that is considered reasonable. There is a possibility that the actual results may largely differ based on various factors.

Ⅲ. Rolling plan for New Mid-term Managerial Plan 2021



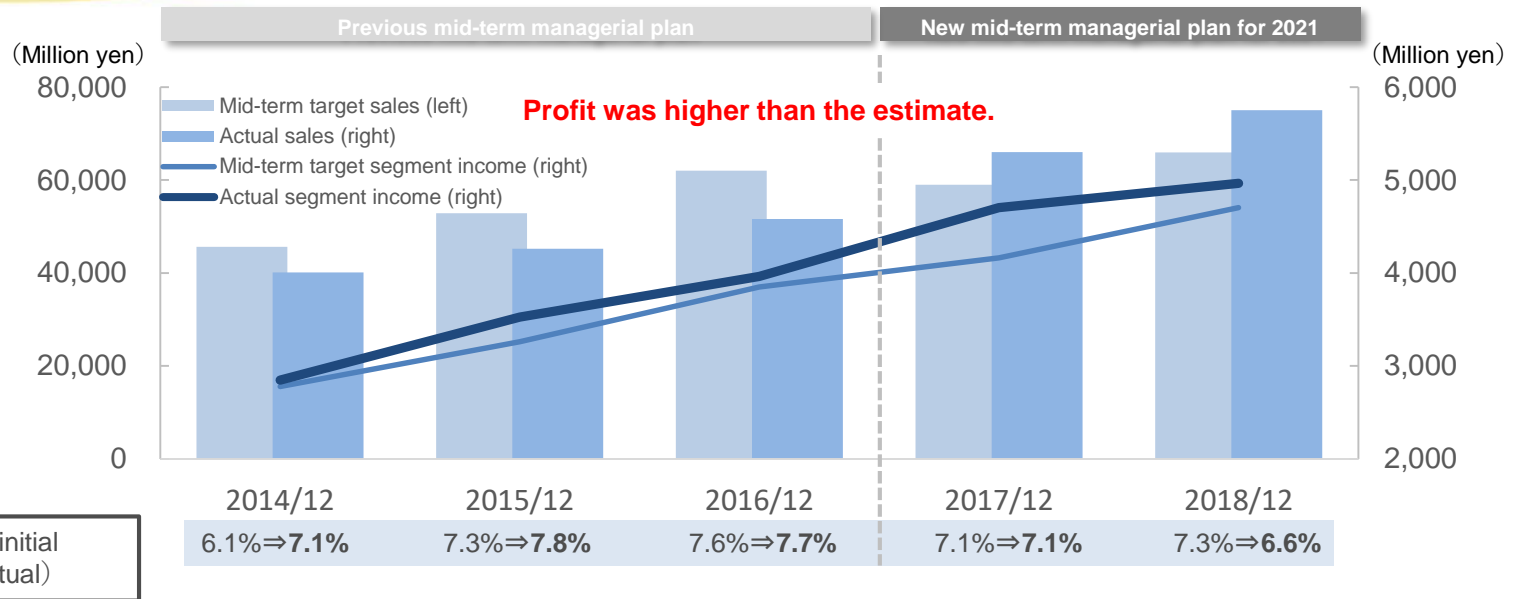
Review of the performance from 2017 to the first half of 2019 (1)

Our performance has been in line with the new mid-term managerial plan 2021 (putting importance on **sales growth**) as a whole.



Review of the performance from 2017 to the first half of 2019 (2)

Human Resources and Education Business



【Activities so far】

Upfront investments for future growth

⇒ Strengthening of the personnel development system, the reform of the evaluation system, and organization development

= **The improvement in technologies and skills and the development of systems for growth progressed.**

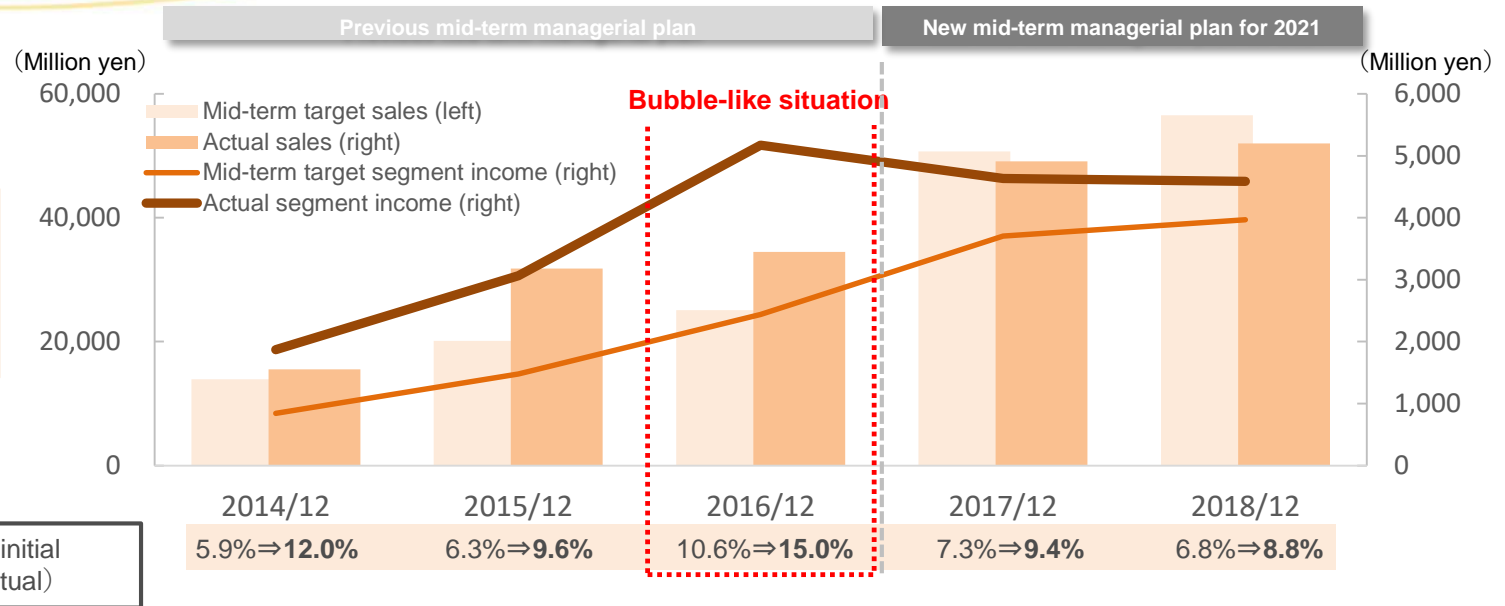
The preparation for proceeding to the next stage was completed.

Sales: ○

Profit: ○

Review of the performance from 2017 to the first half of 2019 (3)

Real Estate Business



【Activities so far】

Development-related segment progressed steadily within an appropriate scale.

We concentrated on the strengthening of other domains, and fueled the renovation business.

＝ During the bubble, we secured significant profit surely.

Sales : △

Profit : ⊙

Background of the formulation of a rolling plan

As the M&A market grew rapidly,
we judged that the M&A as an acceleration is highly risky.
The bubble of the real estate market was prolonged than expected.



We respond to changes in the environment, and **refrain from expanding our business excessively.**



**We will partially revise our basic strategy and
aim to achieve firm growth.**

Pursuit for “our uniqueness” when implementing our basic strategy



What are the “unique characteristics” of WORLD HOLDINGS?

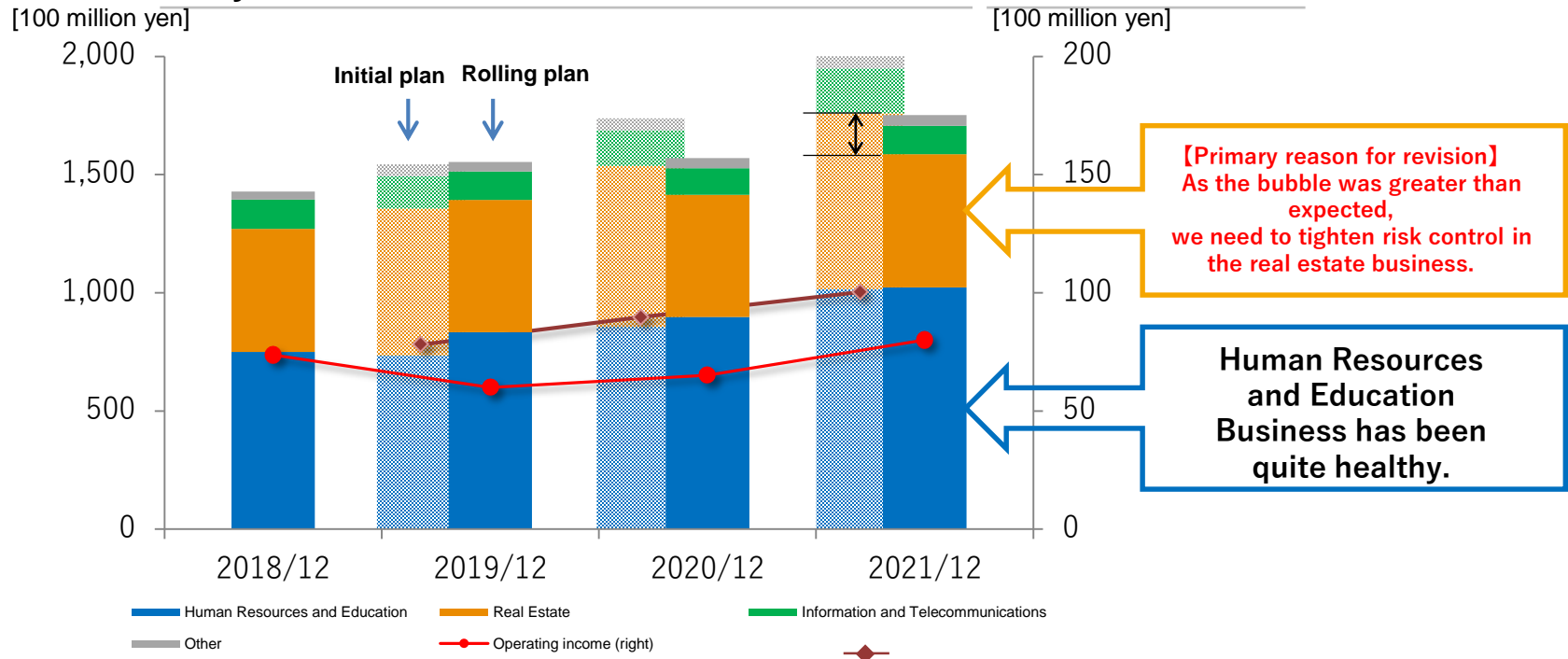
After accurately grasping the mid/long-term potential,...

- We will estimate the appropriate scale of each business, and expand each business by ourselves. We will strive to grow stably through risk management, rather than just keeping up with short-term economic trends.
- We won't resort to M&A for growth. However, we may conduct M&A for acquiring necessary functions for our strategy after examining the corporate value and price calmly.
- We will pursue our unique position in our industry, while triggering innovation.

Numerical goals for 2021

Revision to the initial estimates of sales (200 billion yen) and operating income (10 billion yen)

	2021	(For your reference) 2018
Sales	175 billion yen	142.8 billion yen
Operating income	8 billion yen	7.3 billion yen
ROE	20%	23.9%
Payout ratio	30%	30.0%



Human Resources and Education Business (current situation analysis and future basic strategies)

Initial assumption

- Amendment to the worker dispatch law, the shortage of manpower, the growth of needs for outsourcing
 - ⇒ Enterprises that cannot respond to the law amendment withdraw.
 - ⇒ Staffing enterprises that comply with the amended law can meet needs.

Environmental change

- **The survival of the fittest in the industry progresses slowly.**
- **Full-scale campaigns for reforming the ways of working**

Basic strategy

Focus on self-sustaining growth rather than risky M&A

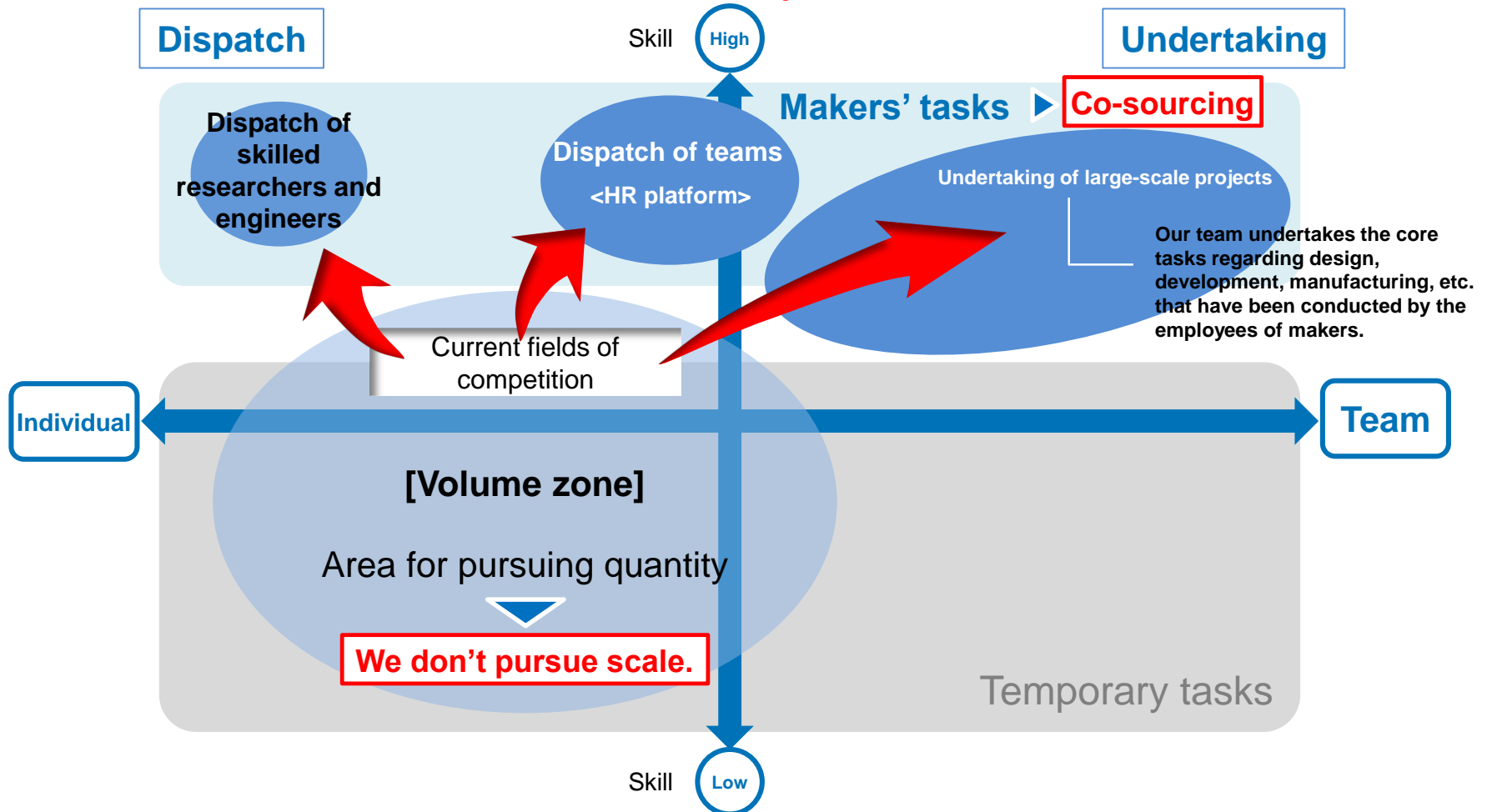
- To become No.1 in the manufacturing field
 - ⇒ To stick to the target position and implement clear strategies
 - ⇒ To cultivate and promote new domains through innovation
- To become a true partner for enterprises and achieve co-sourcing*
 - ⇒ To foster management capability, know-how, and advanced skills and organize them
 - ⇒ To develop personnel and organizations from the mid/long-term perspective
- To cement the cooperation between segments and meet new needs
 - ⇒ To make more transactions with clients, and meet social needs, such as the dispatch of seniors and sideline business

*High-level outsourcing in which we separate the core know-how and HR section, which are required for the original business of each client, and support the HR section thoroughly, to tackle the managerial issues of each client cooperatively

Human Resources and Education Business (basic strategy) ▶ Position

To become No.1 in the manufacturing field, by strategically investing in personnel development

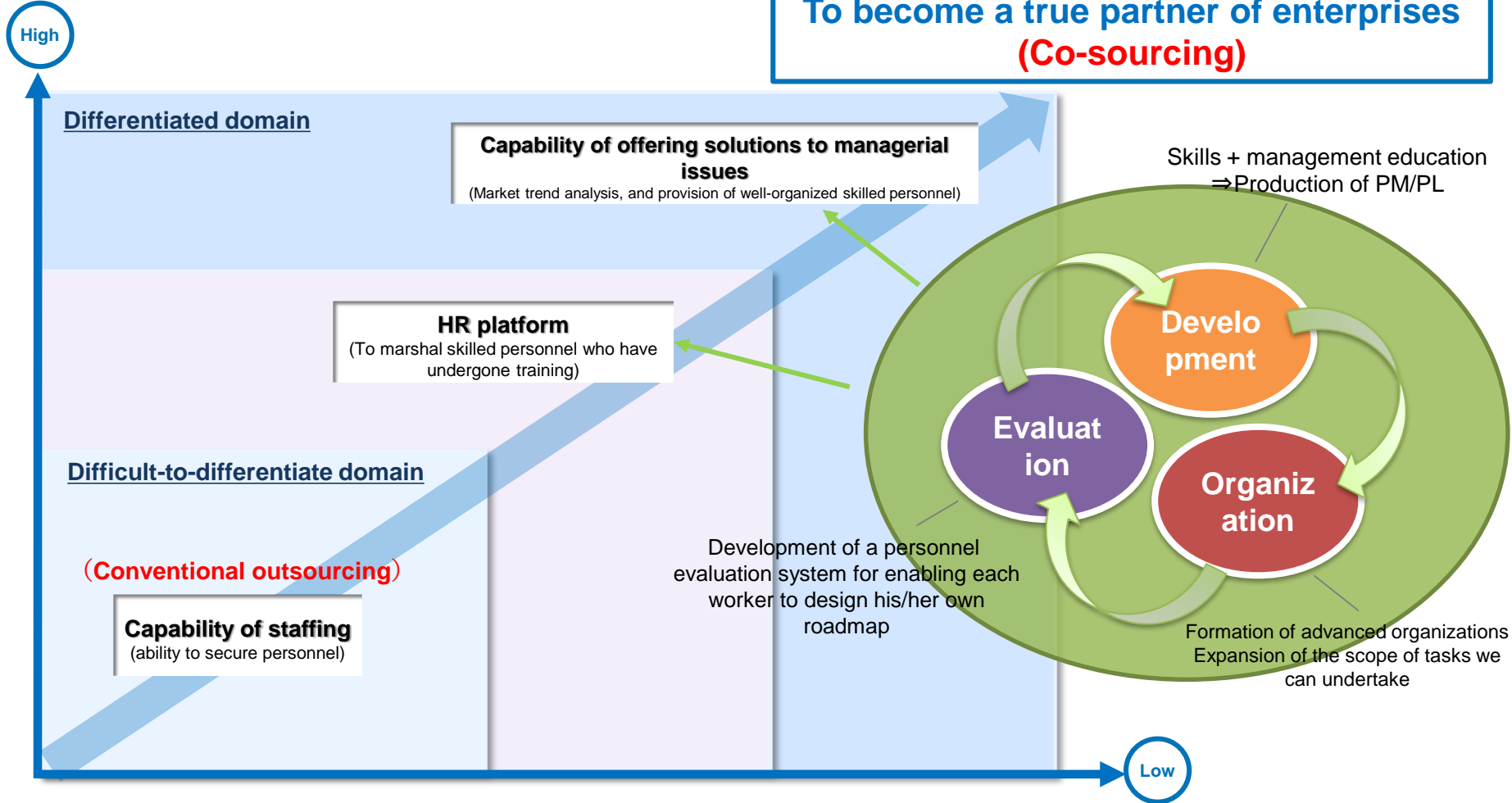
[Entry to advanced fields that are not swayed by economic fluctuations, and formation of a competent team]



Human Resources and Education Business (basic strategy) ▶ Our uniqueness

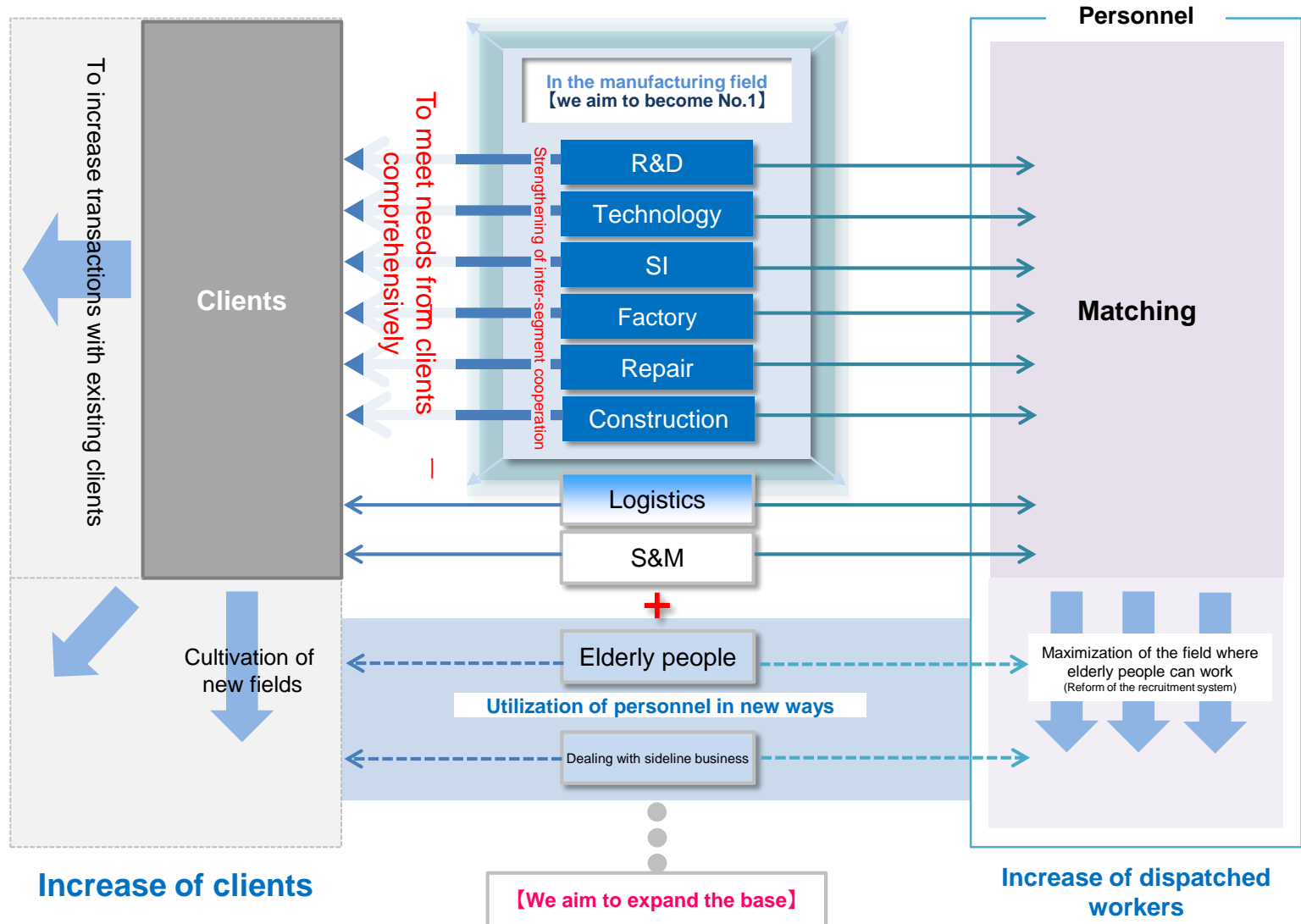
To actualize co-sourcing and become a true partner of enterprises

Our uniqueness



Human Resources and Education Business (basic strategy) ► Vision

Combination of segments, and expansion of the base



Real Estate Business (current situation analysis and future basic strategies)

Initial assumption

- Growth of the condominium market, shortage of construction-related workers, foreign visitors to Japan, etc.
⇒ Skyrocketing of land prices and construction-related costs, and the rise in selling prices
- ⇒ Intense demand for hotels (commercial land), strong demand for real estate in the Tokyo Metropolitan Area

Environmental change

The bubble in the real estate market was prolonged than expected.

Basic strategy

To conduct procurement in the development-related segment more carefully, and review the appropriate scale.

To clarify investment fields and increase our business domains

- Stable growth of the development-related business within a new appropriate scale
- Focus on promising revitalization businesses (renovation and conversion)

Revitalization business

Continued promotion of renovation

⇒ Enhancement of brand strategies, further expansion of areas, strengthening of sales

Cultivation of new fields, such as conversion

⇒ To respond to the growth of demand for shared offices, accommodation facilities, etc. due to the reform of ways of working

New domain

Launch of a new real estate business

Information and Telecommunications Business (current situation analysis and future basic strategies)



To share the merits of remaining players and develop a new revenue model

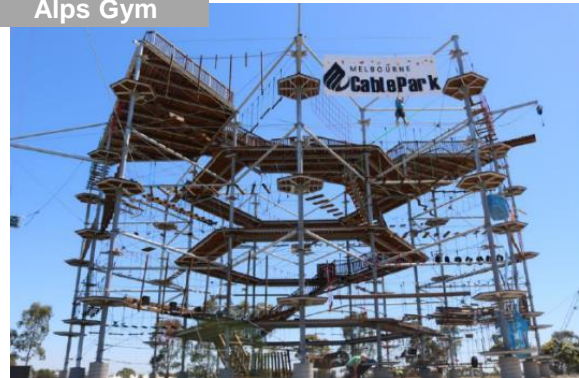
Others

Success (increase of visitors) of Sylvanian Park <Comorebi Morino Ibaraido (Ibaraki)> and Alps Gym <Shiga Agricultural Park Blumen Hügel Farm (Shiga)> ⇒ These cases will be referred to when designing revitalization plans for other facilities, and we will make them profitably early.

Sylvanian Park



Alps Gym



Application of factors in success to other facilities

We contribute to local people and culture through Farm Co., Ltd., which runs agricultural parks as its core business.

⇒ To revitalize facilities, and invigorate local communities (To bring up children through the interaction with nature, and create a variety of jobs)

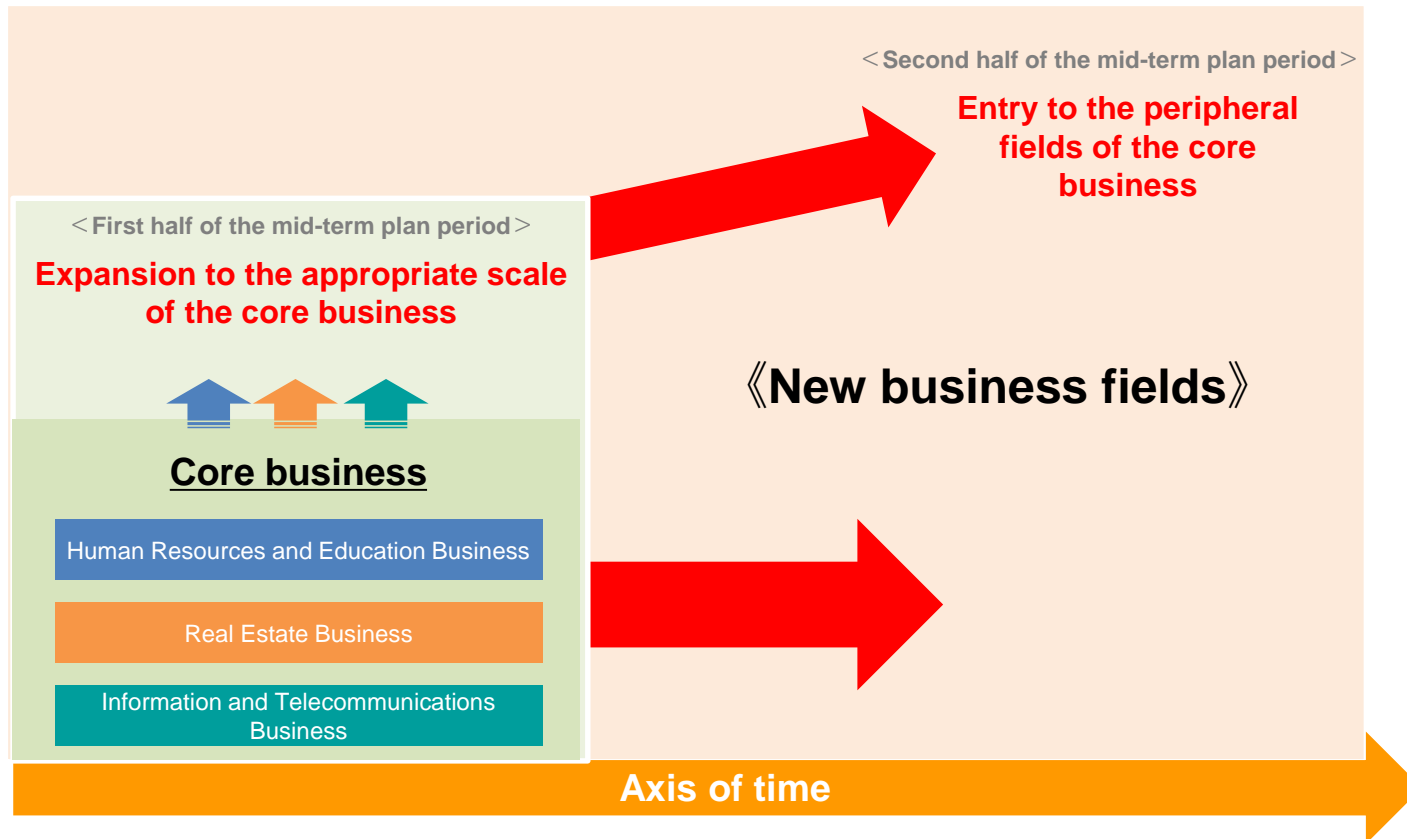
IV. Appendix



Outline of the new mid-term managerial plan 2021

Expansion with well-balanced business administration

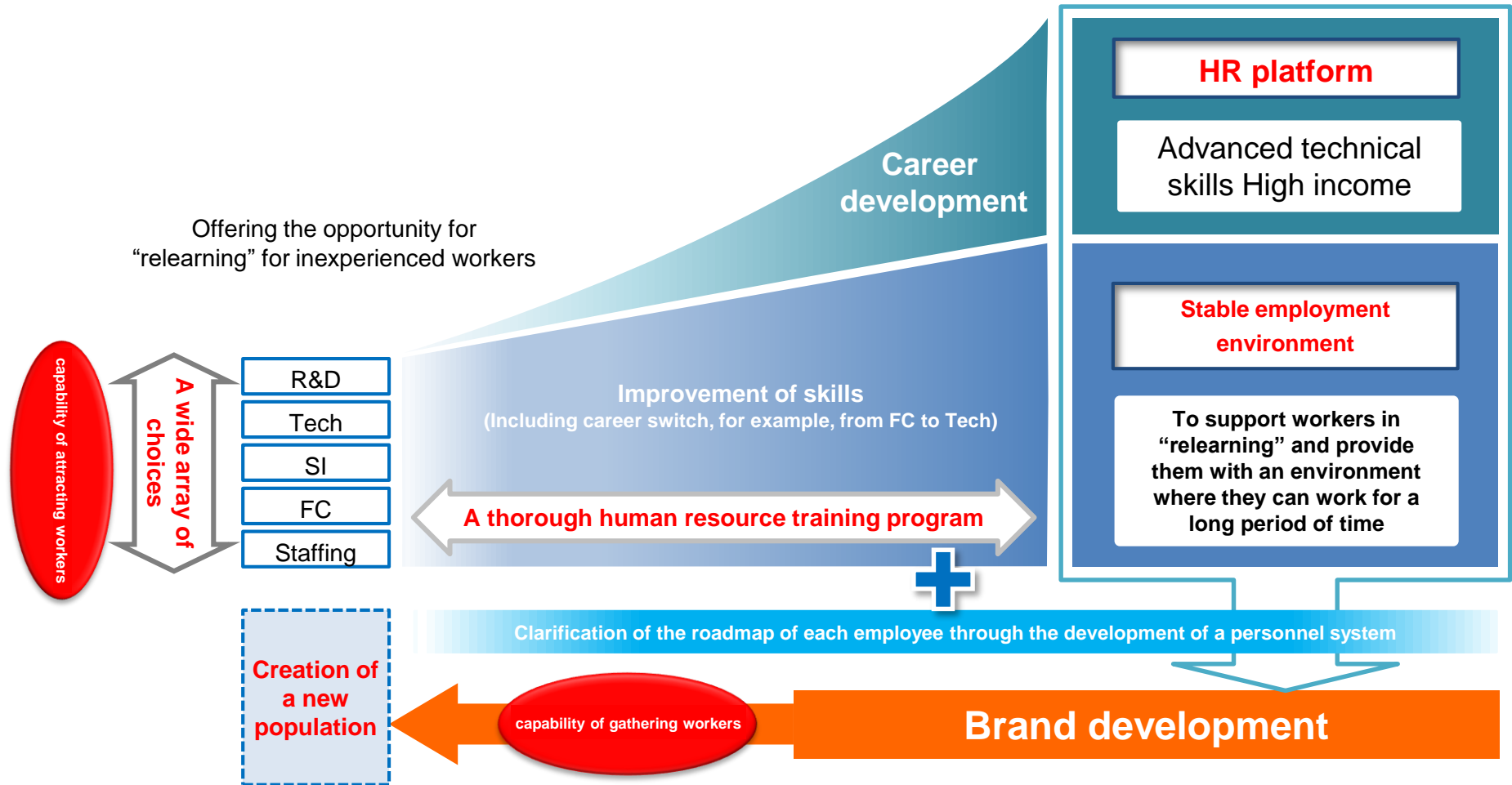
Based on the core business, we will pursue optimal profit performance on an appropriate scale and aim to expand our existing business through stable growth. Furthermore, we will enter new peripheral fields on an appropriate scale, and try to offer new services.



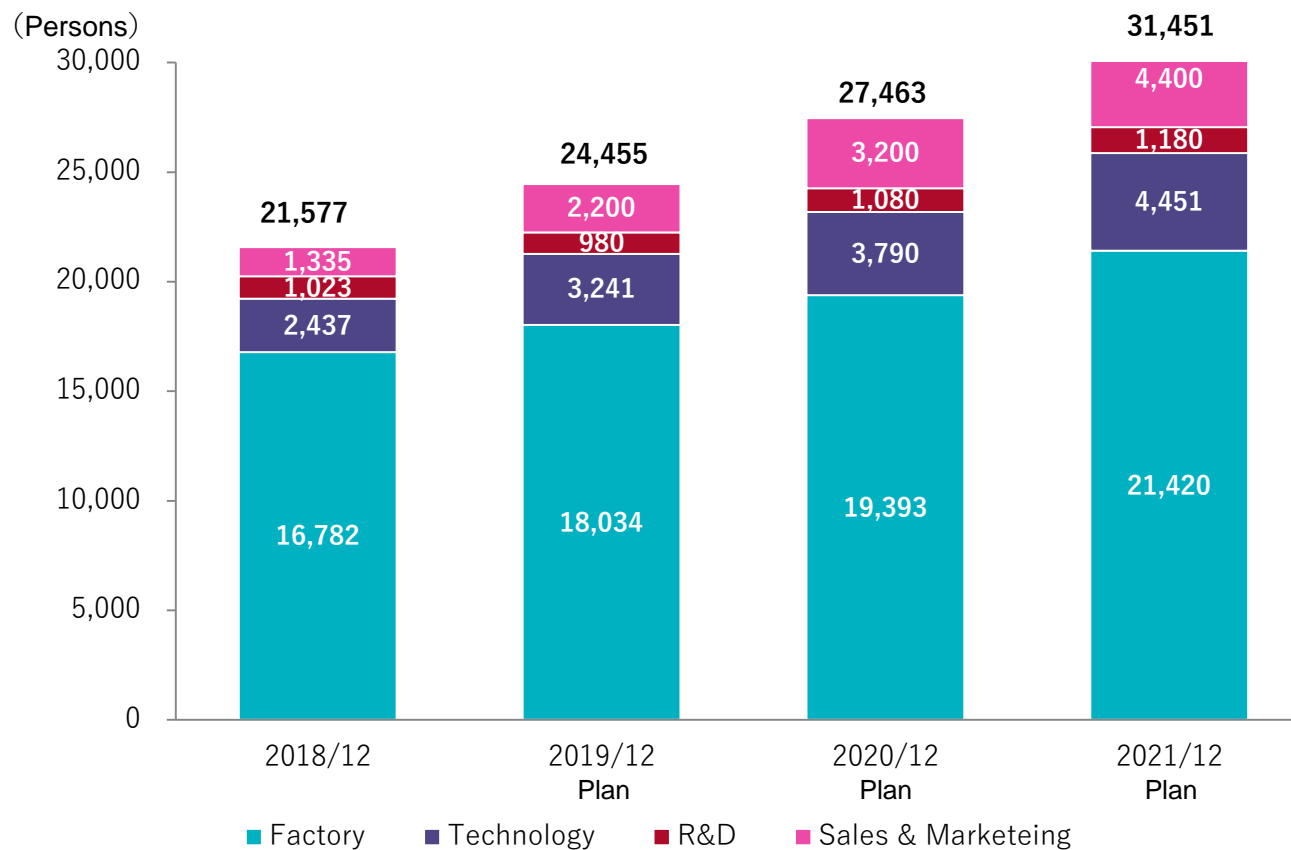
Supplementary info of Human Resources and Education Business (basic strategy)

Personnel development process, including the establishment of the HR platform

[Strengthening of the system for supporting existing employees in developing their diverse careers]



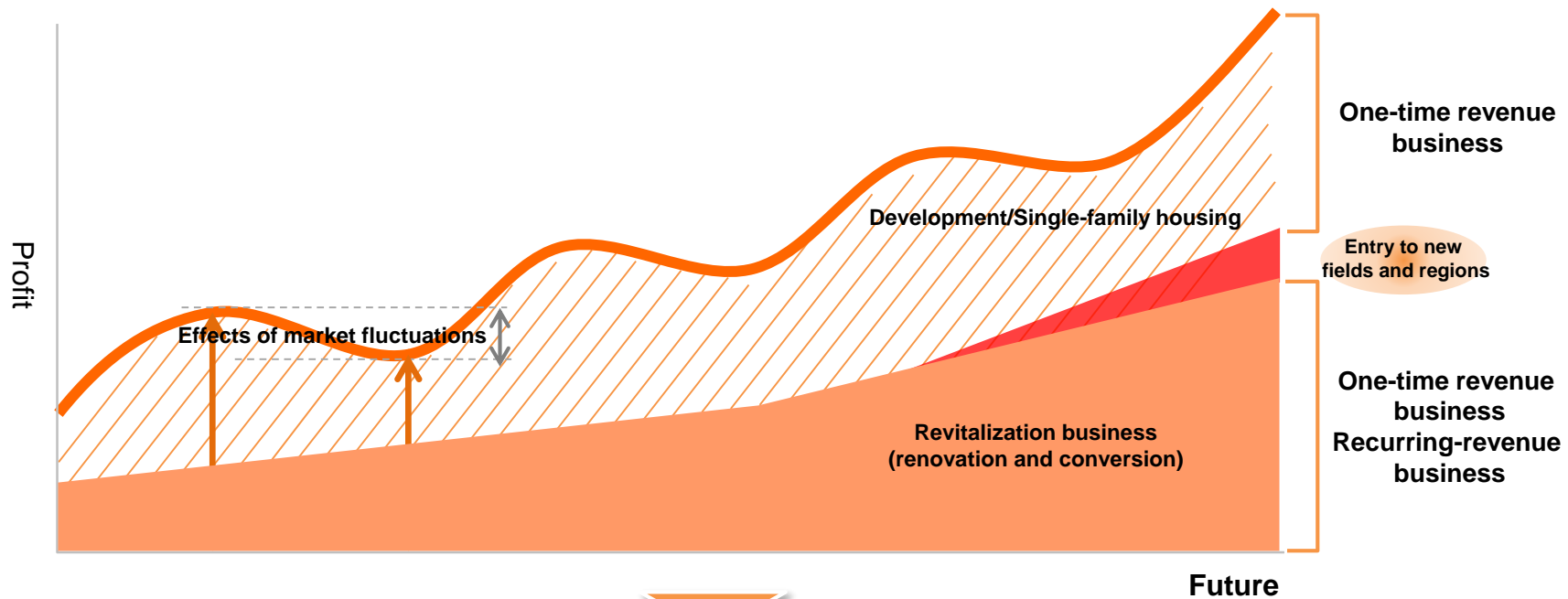
Estimated number of staff in the rolling plan for the new mid-term managerial plan 2021



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

Supplementary info of Real Estate Business (basic strategy)

Business portfolio we aim to develop by carrying out local strategies
[Actualization of a profit structure that won't be easily swayed by economic fluctuations]



In parallel with the strengthening of recurring-revenue business, we will optimize the turnover of fund.

⇒ At right timings, we will be able to

(1) start active procurement, and (2) launch new businesses, etc.

For More Information

Norio Nishihara
Public Relations and Investor Relations Department
Corporate Planning Division
WORLD HOLDINGS CO., LTD.
TEL: 03-3433-6005
E-MAIL: irinfo@world-hd.co.jp
URL: <http://www.world-hd.co.jp/>

No information in this presentation is provided for the purpose of soliciting purchases or sales of our stock. Furthermore, opinions, forecasts and other information not based on historical facts represent our judgments at the time this presentation was prepared. We do not guarantee the accuracy of this information and may revise this information at any time without prior notice. We and other providers of this information assume no responsibility whatsoever for any losses incurred in association with the information in this presentation.