



## **FY2019 Third Quarter Financial Results**



**November 5, 2019 (Tue)**  
**WORLD HOLDINGS CO., LTD.**  
**First Section of Tokyo Stock Exchange (2429)**

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# I. Summary of FY2019 Third Quarter Financial Results



# Summary of Financial Results

- Although profit declined year on year, it **exceeded the initial estimate considerably** mainly thanks to the Real Estate Business. (The full-year earnings forecast has not been revised.)
- While demand related to smartphones and semiconductor equipment was sluggish, the core Human Resources and Education Business continued to be strong, led by the Technology segment, etc.

(Unit: Million yen)

	2018/3Q actual	2019/3Q estimate	2019/3Q actual	Result against estimate Surplus	YoY	
					Change	Pct. Change
Net sales	101,906	104,972	101,964	-3,008	+57	+0.1%
Operating income	4,383	2,664	4,090	+1,426	-292	-6.7%
Ordinary income	4,357	2,561	4,105	+1,544	-251	-5.8%
Net income attributable to owners of parent	2,636	1,583	2,659	+1,076	+22	+0.9%

# Overview of Business Results by Segment

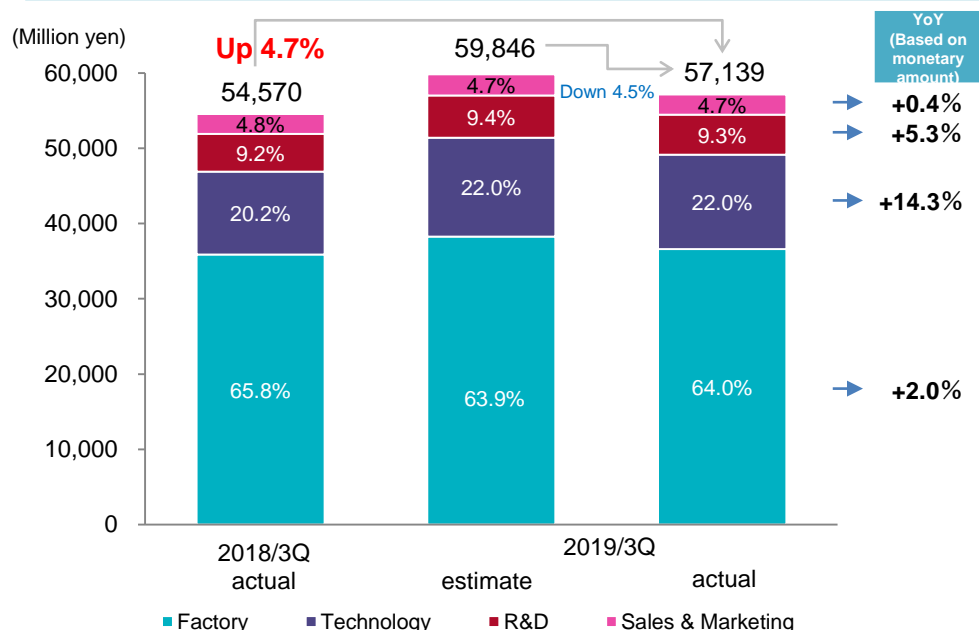
Unit: Million yen			2018/3Q actual	(Profit margin)	2019/3Q actual	(Profit margin)	YOY	
							Change	Pct. Change
Human Resources and Education Business	Factory Business	Net sales	35,880		<b>36,594</b>		713	2.0
		Segment income	2,307 (6.4%)		<b>1,838 (5.0%)</b>		-469	-20.3
	Technology Business	Net sales	11,004		<b>12,581</b>		1,577	14.3
		Segment income	931 (8.5%)		<b>1,210 (9.6%)</b>		279	30.0
	R&D Business	Net sales	5,019		<b>5,287</b>		267	5.3
		Segment income	380 (7.6%)		<b>453 (8.6%)</b>		72	19.1
	Sales & Marketing Business	Net sales	2,665		<b>2,675</b>		9	0.4
Segment income		-90 —		<b>-12 —</b>		78	—	
Total (reference)		Net sales	54,570		<b>57,139</b>		2,569	4.7
		Segment income	3,527 (6.5%)		<b>3,489 (6.1%)</b>		-38	-1.1
Real Estate Business	Real Estate Business	Net sales	35,238		<b>32,030</b>		-3,209	-9.1
		Segment income	2,446 (6.9%)		<b>1,987 (6.2%)</b>		-458	-18.8
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	9,424		<b>9,567</b>		143	1.5
		Segment income	-1 —		<b>-17 —</b>		-16	—
Other	Others	Net sales	2,674		<b>3,226</b>		552	20.6
		Segment income	-178 —		<b>226 (7.0%)</b>		405	—
Total		Net sales	101,906		<b>101,964</b>		57	0.1
		Elimination or corporate	-1,411		<b>-1,595</b>		-184	—
		Segment income	4,383 (4.3%)		<b>4,090 (4.0%)</b>		-292	-6.7
<Reference>								
Real Estate Business	Development/Single- family housing	Net sales	22,073		<b>17,212</b>		-4,861	-22.0
		Segment income	1,995 (9.0%)		<b>1,222 (7.1%)</b>		-773	-38.7
	Renovation/Prefabricated houses	Net sales	13,165		<b>14,818</b>		1,653	12.6
		Segment income	451 (3.4%)		<b>765 (5.2%)</b>		314	69.6

# Overall Segment

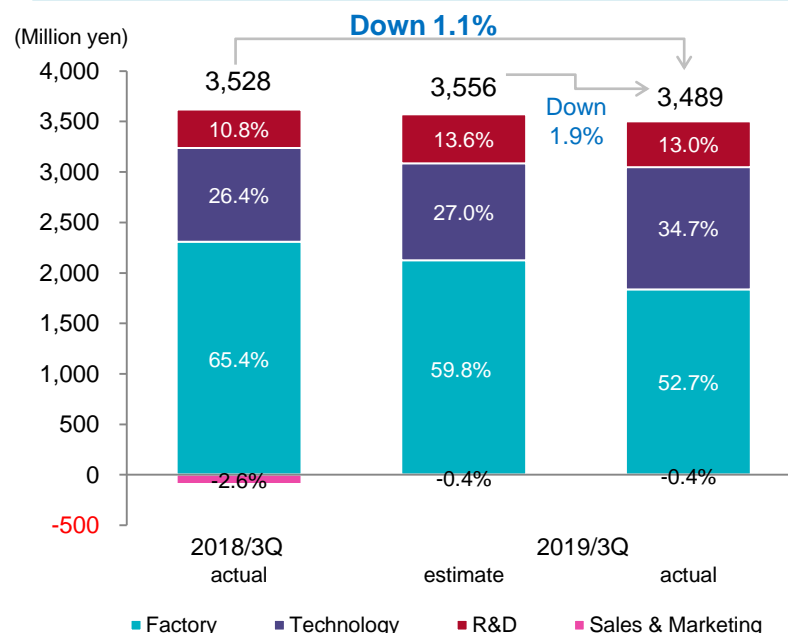
## <Composition ratio by business>

- Response to the changing external environment, including the amendment of laws  
⇒ Steadily promoted measures and 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  
⇒ The Factory Business was partially affected, but there was no significant impact on Technology or R&D Businesses.

### ◆ Sales composition



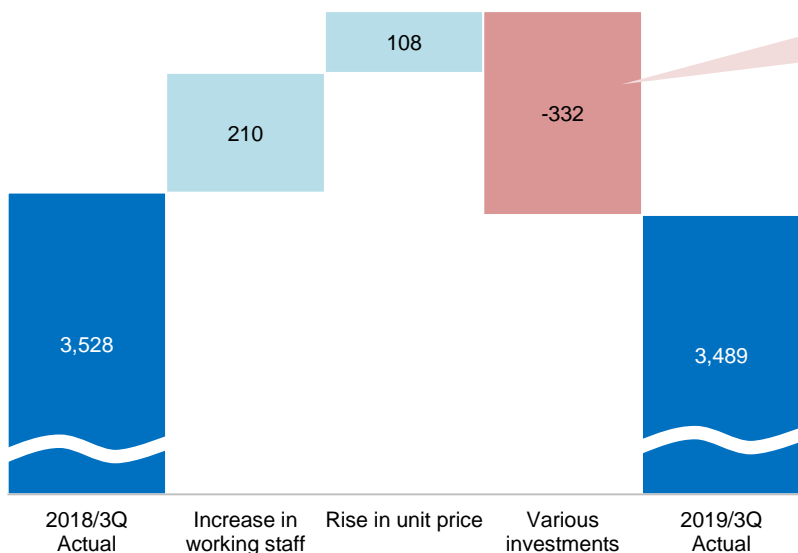
### ◆ Segment income



# 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 HR development at the “Technical Center”  
⇒ Quality control, production management, etc.  
<expansion of the contracting system>  
Preparation for the new HR system targeting leaders  
<Execution: January 2020>  
Development of managers for “establishment of a new logistics base”
- Technology Business  
Strengthening automobile-related area by  
“Training in 3D-CAD” and “Training in production engineering”  
“Programming training” and “Infrastructure training”  
⇒ To support career advancement of the existing employees and new employees
- R&D Business  
To strengthen function of the “collaborative research lab of an affiliated university”  
⇒ To increase the partner universities and develop HR in higher fields.
- 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

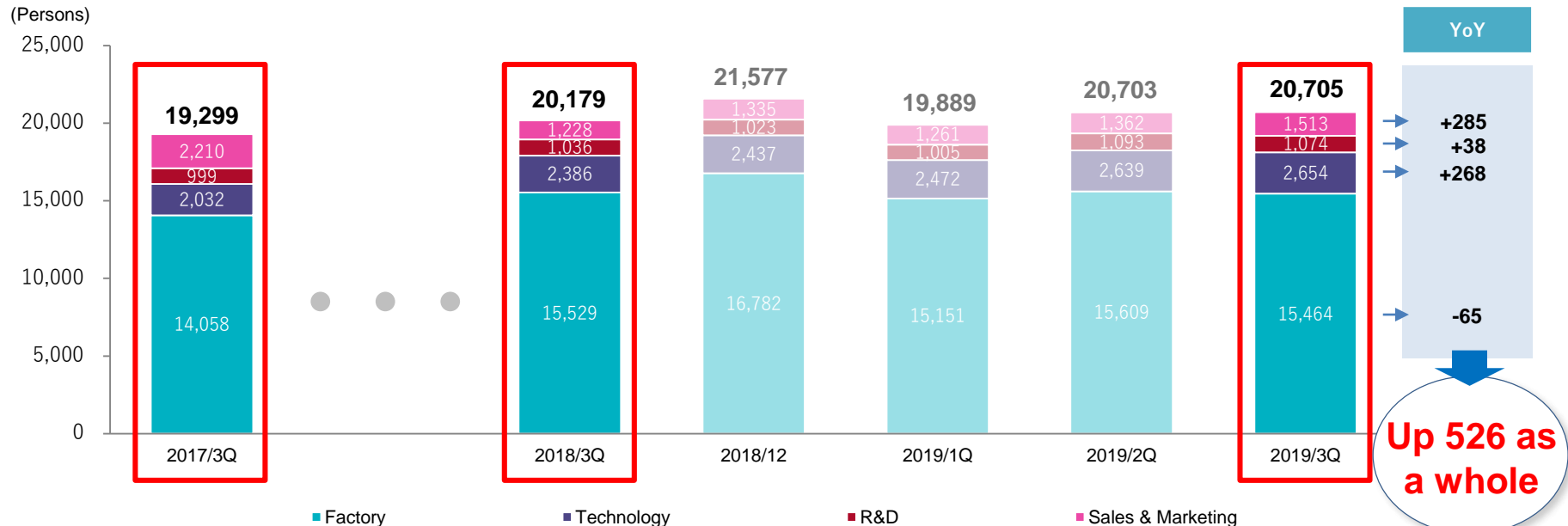
**Increase of new employees and improvement in retention rate by enhancing brand power (capability of gathering workers)**  
**Formation of highly capable engineer team (development of more advanced business fields + promotion of our company)**

# Overall Segment

## <The number of staff members>

- The Factory Business was affected by the partial reduction of production of smartphones, semiconductor equipment, etc., but secured existing orders and the logistics field continued to grow.
- The Technology Business grew considerably together with the assignment of new employees largely thanks to development and assignment of employees at our Engineering Training Center.

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



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

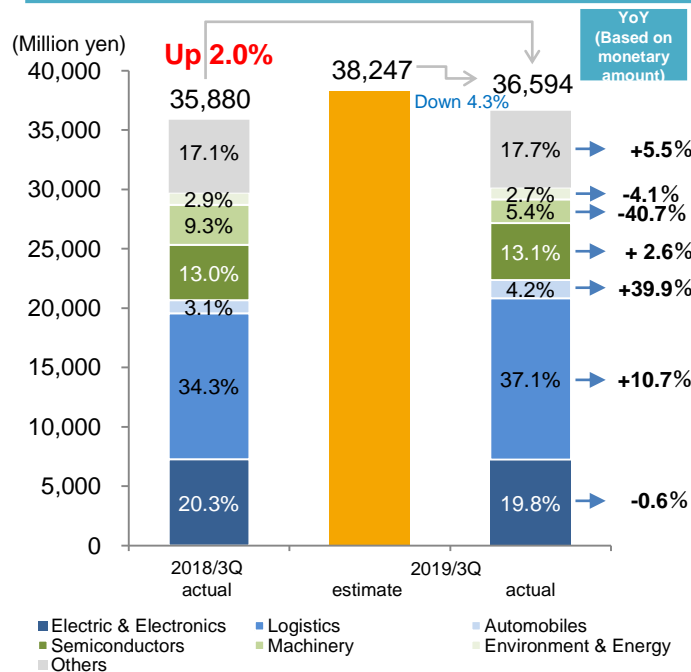


# Factory Business

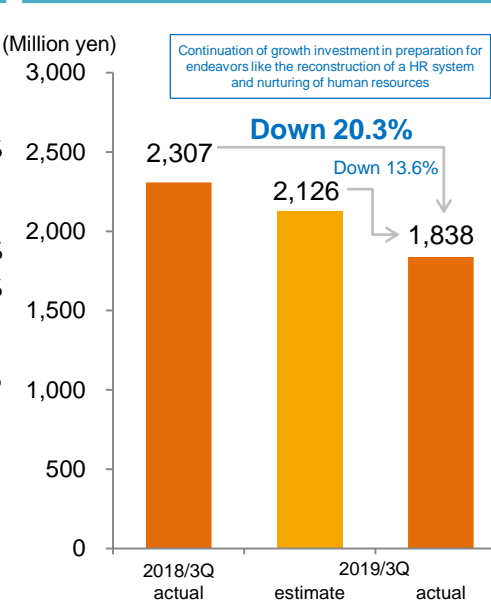
## <Sales composition by business segment and the number of staff members>

- Although the production of smartphones, semiconductor equipment, etc. was partially reduced, we aimed at expanding business by targeting areas such as 5G that require technological innovation.
- In the logistics field, which is our strength, stable operation and improved productivity were achieved at each site. We also made efforts in developing leaders with a view to opening a new base in the next term (further horizontal development).
- We concentrated on the training and assignment of personnel in advanced fields of FC technologies, such as equipment maintenance.

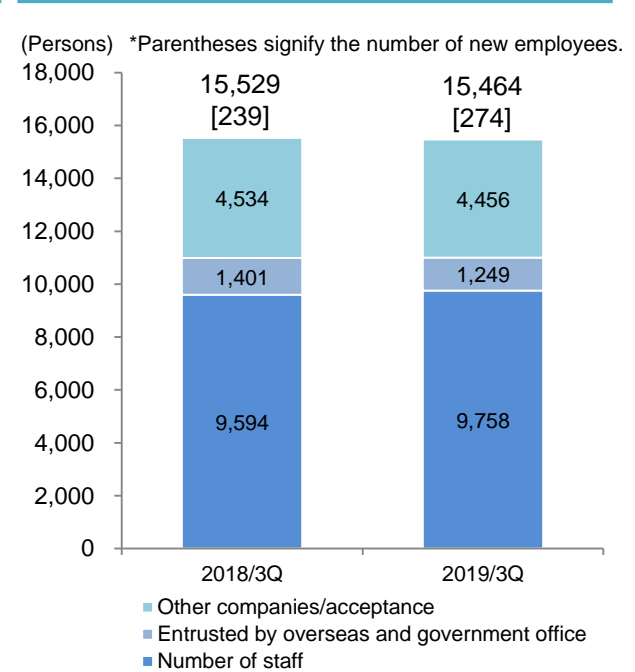
### ◆ Sales composition by business segment



### ◆ 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.

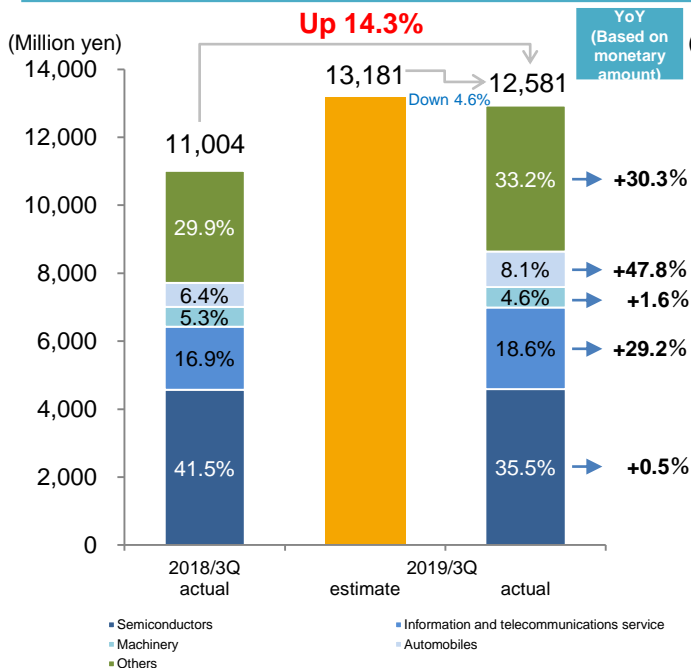
# Technology Business

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

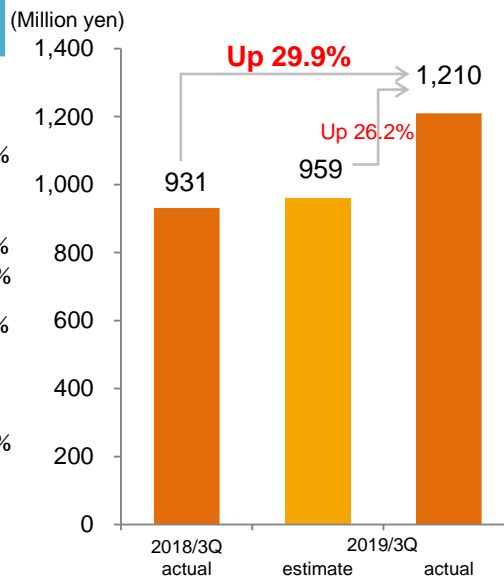
- The scheme for strengthening sales efforts and developing and producing engineers titled “Creating the Ways We Live Academy”\* was successful. In particular, the production of mechanical design engineers working in the automobile-related segment progressed healthily, and business partners increased. Furthermore, transactions related to information and telecommunications services increased because our strict compliance system was highly recognized.

\*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.

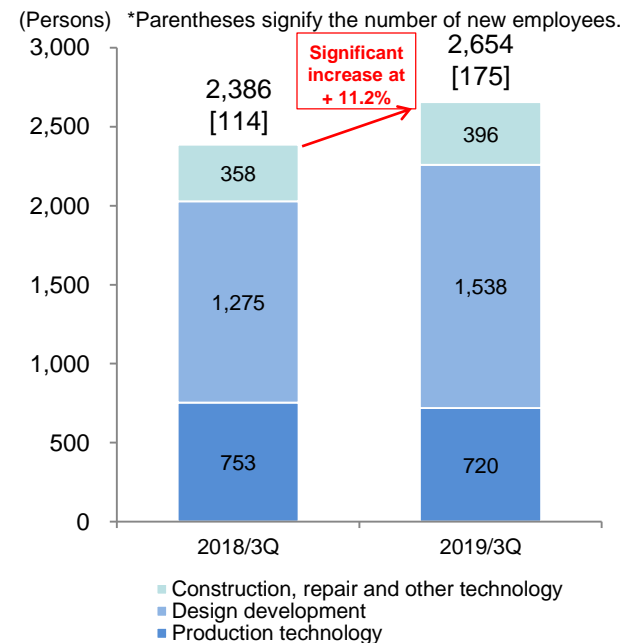
### ◆ Sales composition by business segment



### ◆ Segment income



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



\*We have not disclosed the sales estimate by segment.

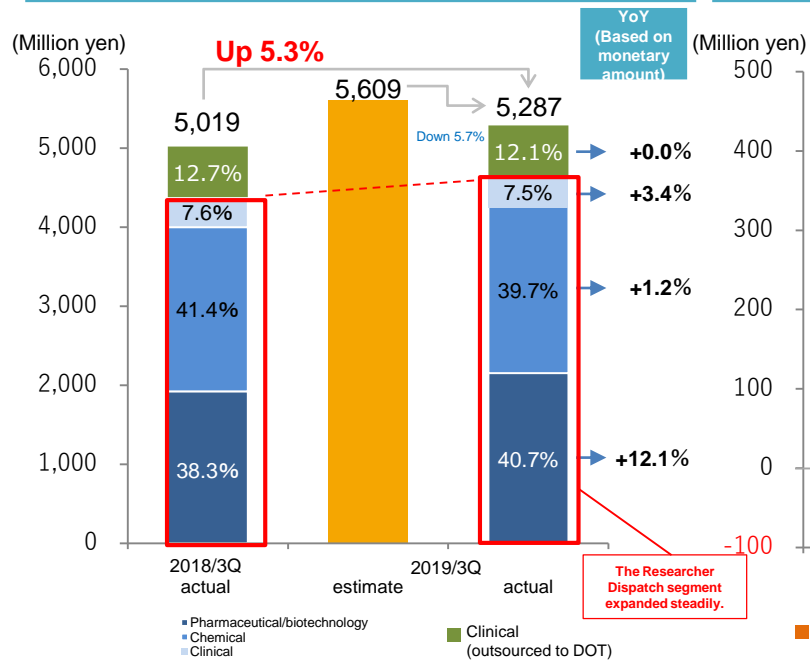
\*The number of staff is a three-month average.  
\*Number of staff included only staff members who are engaged in on-site operation work.

# R&D Business

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

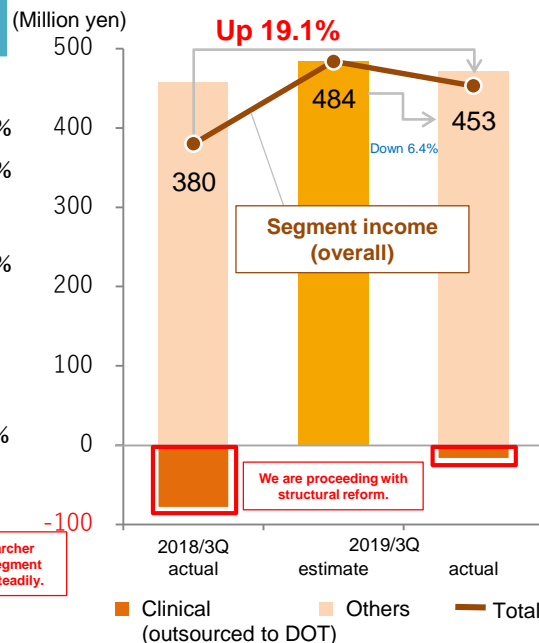
- The Researcher Dispatch segment increased transactions with existing clients in the bio field, including materials, chemical synthesis, and analysis.
- With the aim of evolving from “a staffing company” to “a technical support enterprise,” we try to select and recruit excellent researchers and train 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 measures to improve occupancy rate through the structural reform of DOT World Co., Ltd.

◆ Sales composition by business segment



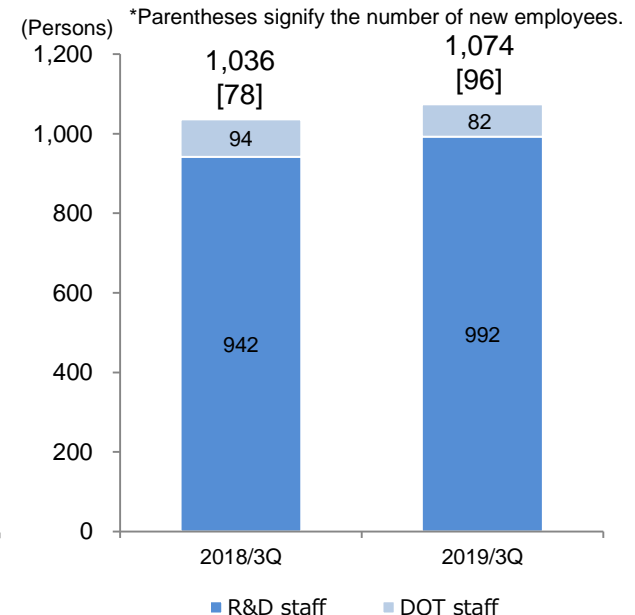
\*We have not disclosed the sales estimate by segment.

◆ Segment income



We are proceeding with structural reform.

◆ 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.

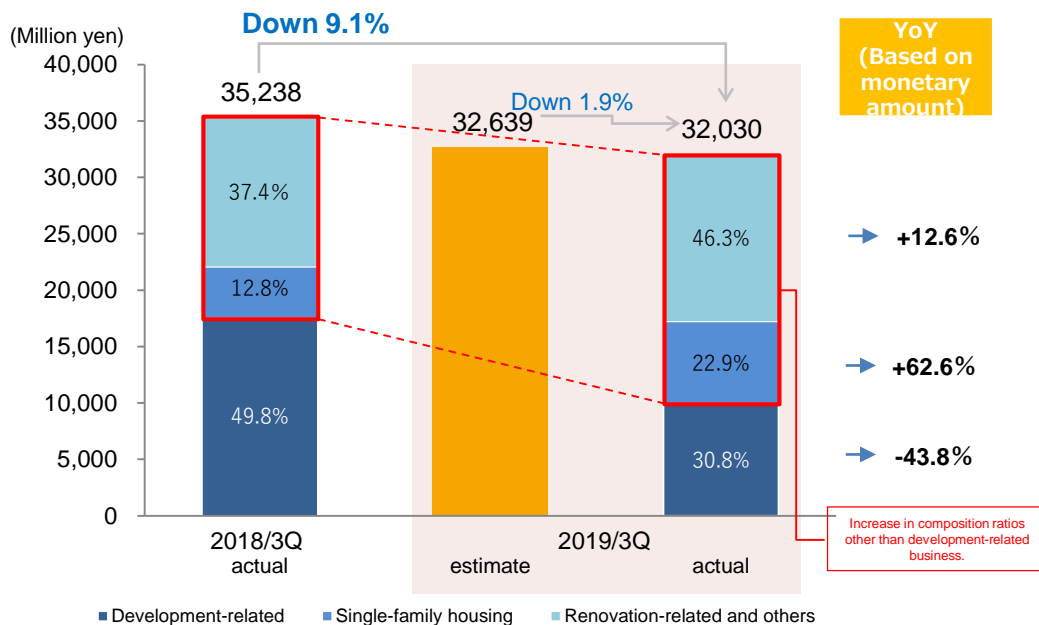
# Real Estate Business

\*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 major activities>

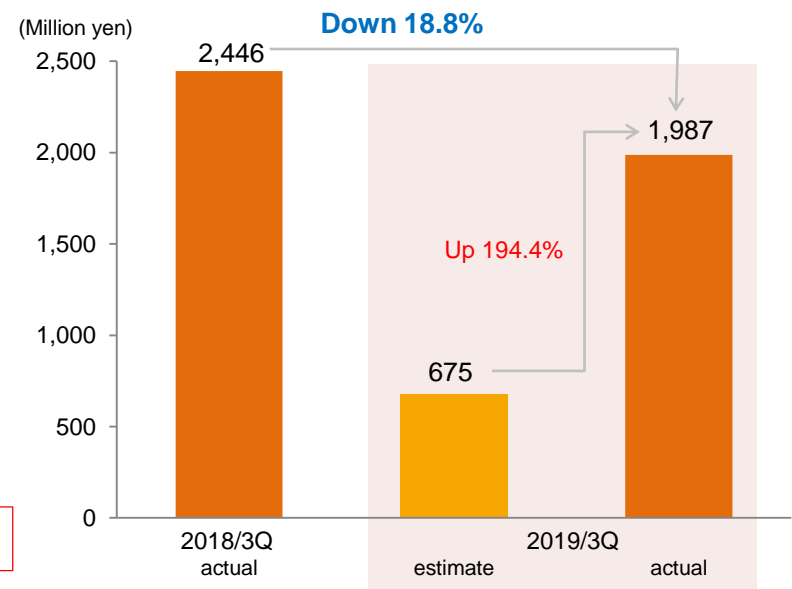
- Making efforts to enhance brand development centered around the renovation-related business.
- Keeping profit earning as our main aim, we strengthened our sales capabilities for the development-related business. We maintained a stance of purchasing and delivering with suitable timing, by making use 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



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

## ◆ Segment income

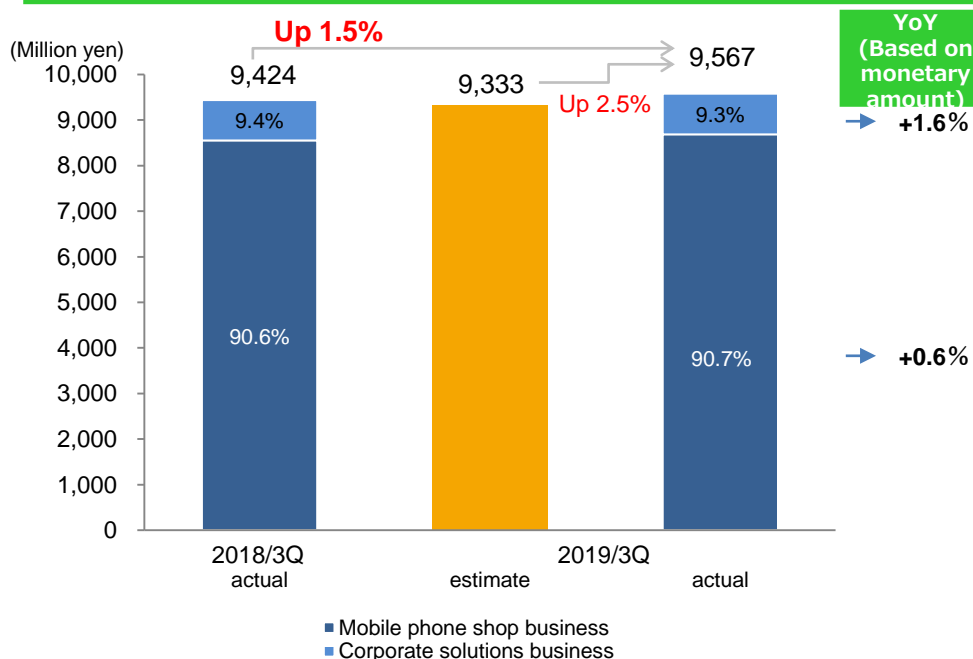


# Information and Telecommunications Business

## <Sales and major activities>

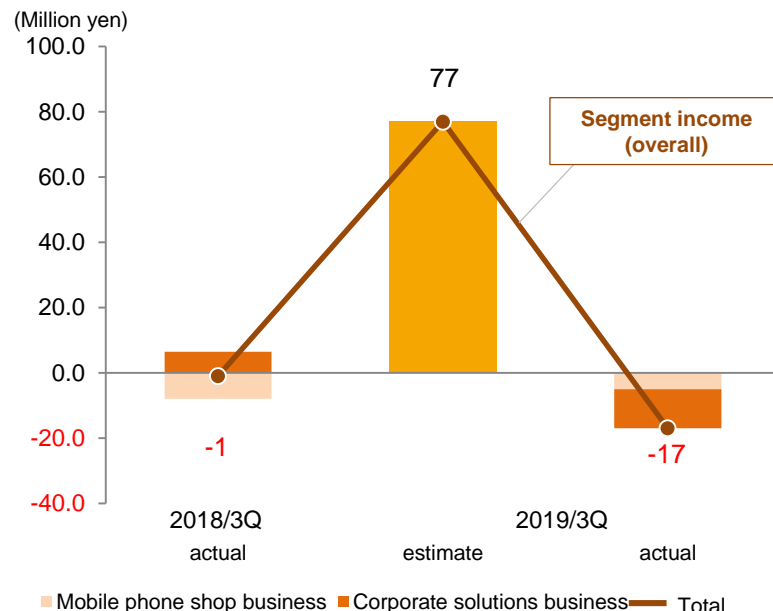
- We took measures to invest mainly for strengthening the shop business, which is our mainstay (including the organizational and shop infrastructure development to respond to amendment to laws, brushing up knowledge and ability to attend to customers, etc.) with the aim of sharing the merits of remaining players. On the other hand, we planned the establishment of a network of excellent shops, and promoted the integration and closing of stores.
- In the corporate solutions business on which we focus, we planned to strengthen the sales system and increased the HR mobility. We also developed call centers for selling new products, etc.

### ◆ Sales for each target



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

### ◆ Segment income

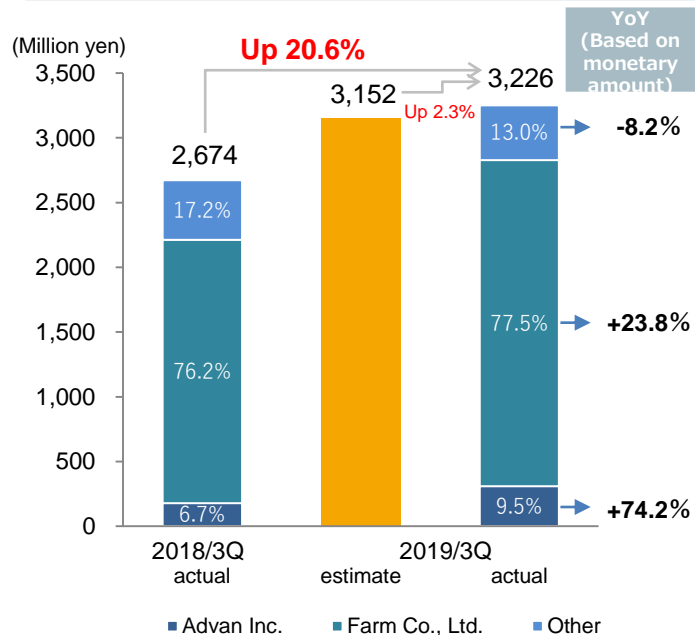


# Others

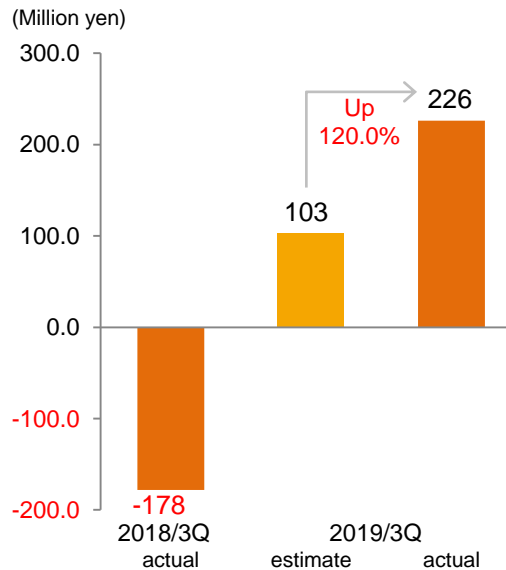
## <Sales and major activities>

- 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 60% year on year. Measures for attracting customers certainly exerted their effect, such as redevelopment of facilities, including the opening of “Sylvanian Park” in Comorebi Morino Ibaraido in Ibaraki Prefecture in the previous term (the number of visitors to the park grew 7% 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.

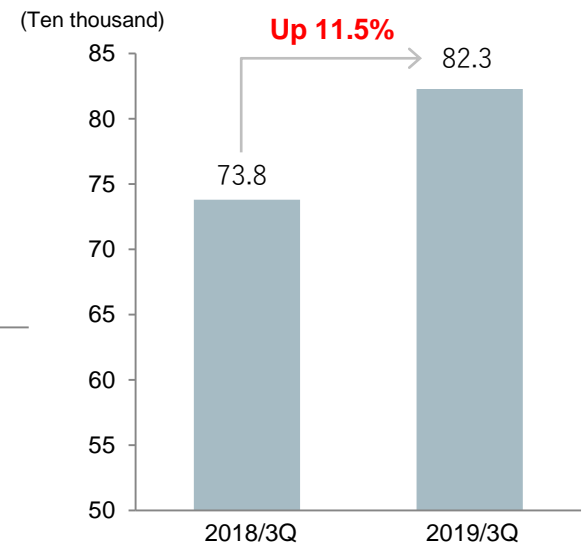
### ◆ Sales



### ◆ Segment income



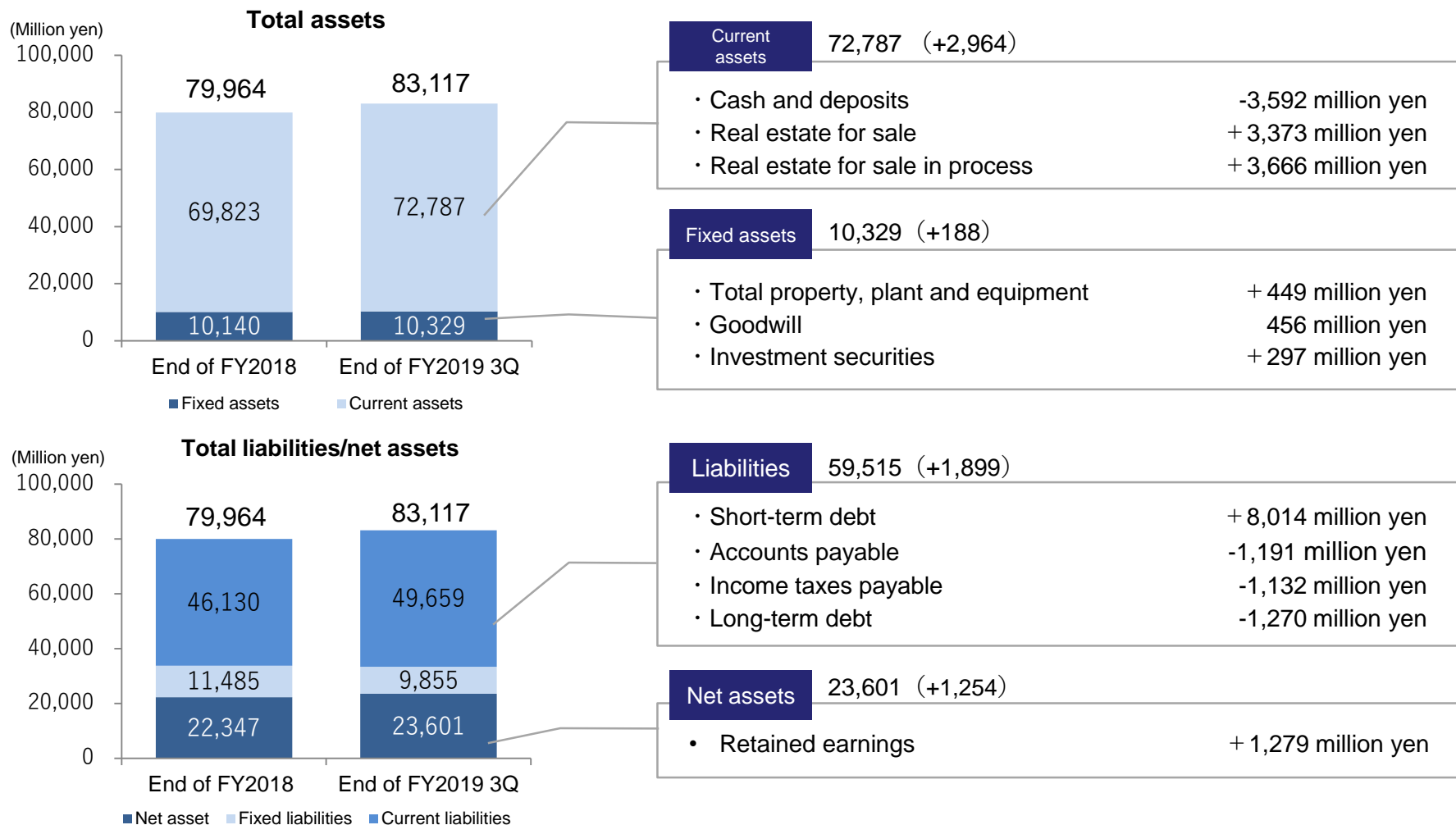
### ◆ Number of visiting customers



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

# Financial Condition B/S

- As we conducted careful procurement, real estate for sale and real estate for sale in process increased.



## II. FY2019 Business Forecasts





# FY2019 Business Forecast

- The implementation of strategies, which adhered to the new medium-term management plan, sustained the growth of the Human Resources and Education Business. Along with the expansion in sales in the Human Resources and Education Business 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	<b>155,452</b>	12,557	8.8
Operating income	7,370	<b>6,049</b>	-1,321	-17.9
Ordinary income	7,357	<b>5,910</b>	-1,446	-19.7
Net income attributable to owners of parent	4,650	<b>3,672</b>	-978	-21.0
EPS (yen)	276.38	<b>218.11</b>	-58.27	-21.1
Dividend per share (yen)	83.0	<b>65.5</b>	-17.5	-21.1

# FY2019 Business Forecast by Segment

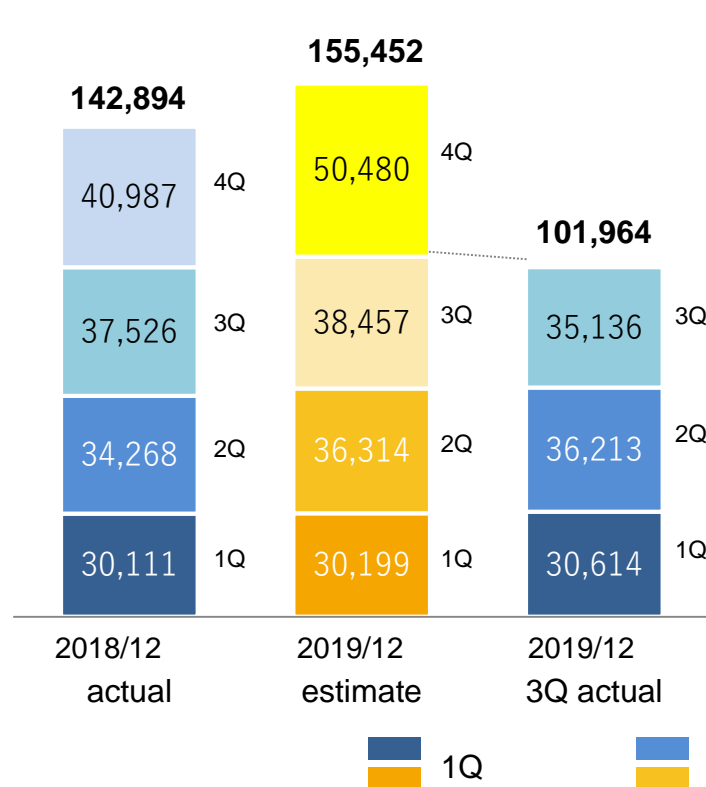
- As for the company's mainstay business, the Human Resources and Education Business, all segments are estimated to increase sales and profit.

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 Segment income	-1,917		-2,525		(—)	(—)
			7,370	(5.2%)	6,049	(3.9%)	-1,321	-17.9

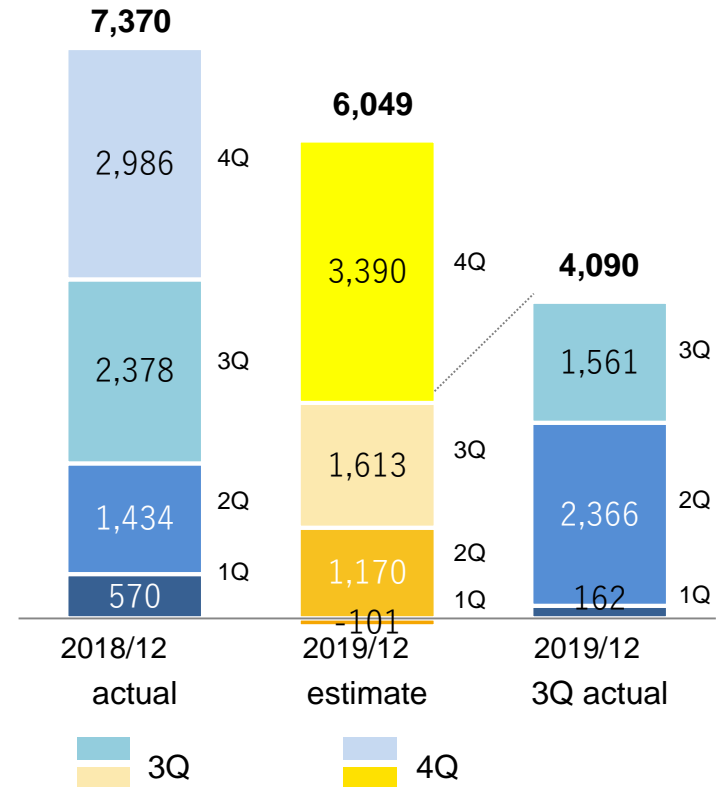
# FY2019 Quarterly Business Forecast

- 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



# FY2019 Quarterly Business Forecast By Segment

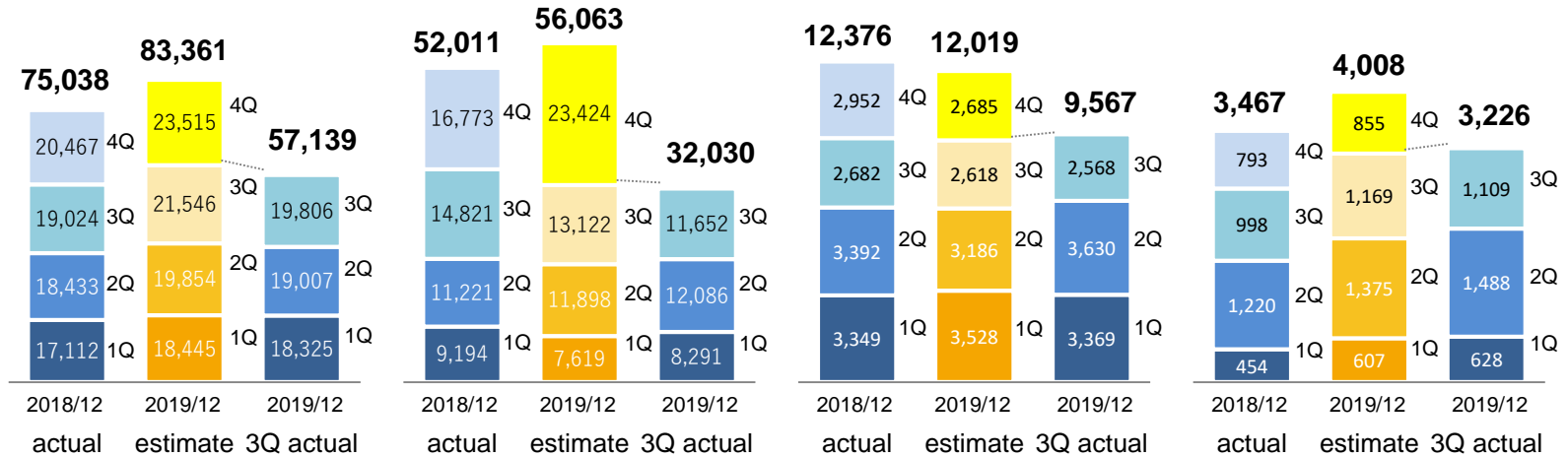
Human Resources and Education Business

Real Estate Business

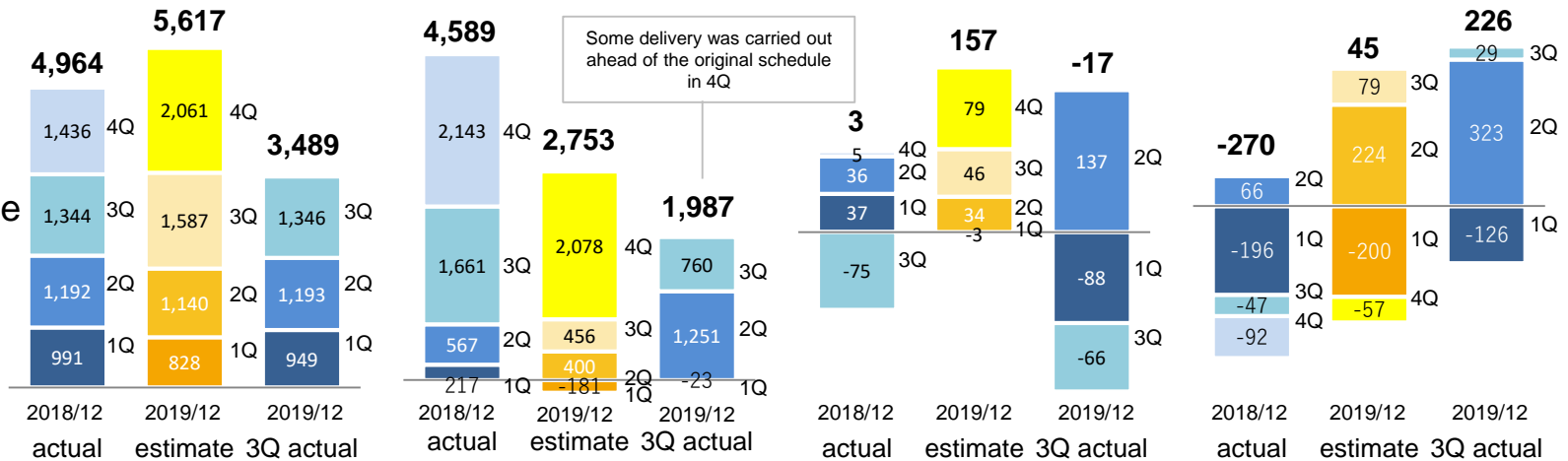
Information and Telecommunications Business

Other

Net sales



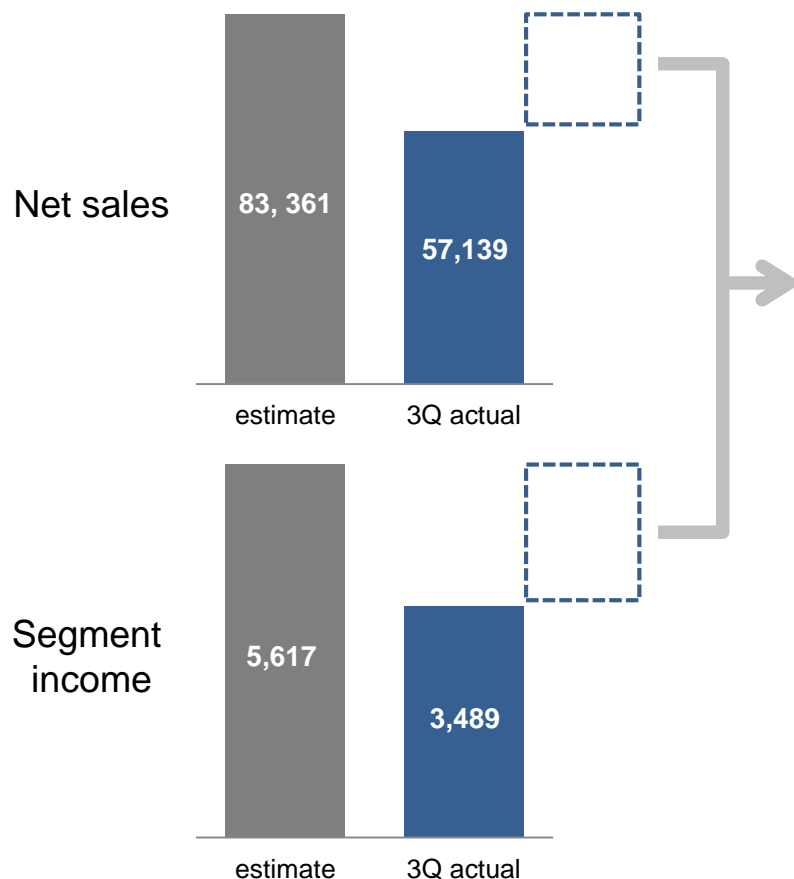
Segment income



# Human Resources and Education Business

~Towards the End of FY2019~

Appropriate response to customers' needs  
+ Enjoy returns from upfront investments



## ● Responding to customers' needs by increasing personnel

- FC Business--Responding to remaining 1,000-scale orders <Rapid increase in orders from 5G-related services that we have been aiming to acquire>

\*For the logistics service, as with last year, we will ensure to provide service during the busy season around the end of the year.

- Technology Business--Maximizing returns from upfront investments (HR development) including cost control

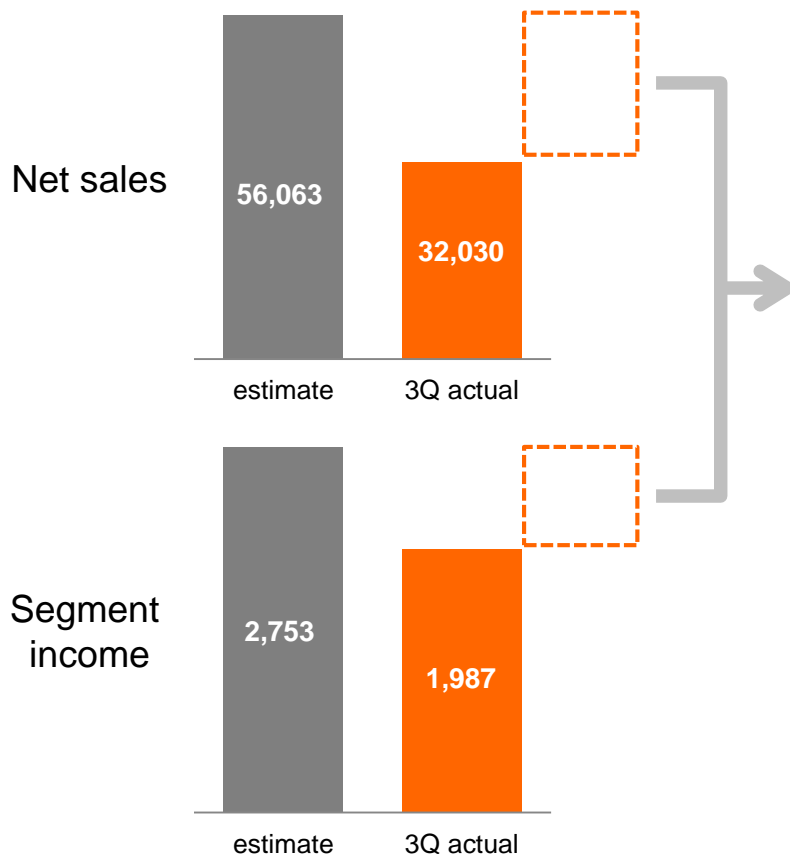
## ● Increasing business partners and increasing employees

- Aiming for synergies through segment mix

# Real Estate Business

## ~Towards the End of FY2019~

Strengthen sales structure to expand the recurring-revenue business  
+ Steady delivery



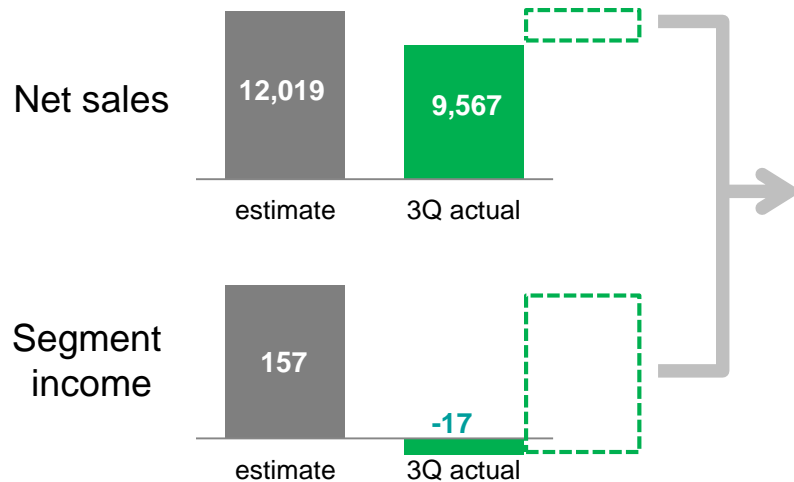
### ● Ensuring delivery of properties

- **Development-related business--Steady progress against the annual plan**  
\*Approximately 90% of the contracts was established as of the 3<sup>rd</sup> quarter.  
⇒We will ensure deliveries.
- **Single-family housing-related business--We will ensure delivery by further strengthening the sales system.**
- **Renovation-related business--We will continue to focus on it as the core business and aim at increasing the number of contracts and delivery.**
- **Prefabricated house-related business--We will increase the sales channels within the Group and strengthen sales.**

# Information and Telecommunications Business, Others

~Towards the End of FY2019~

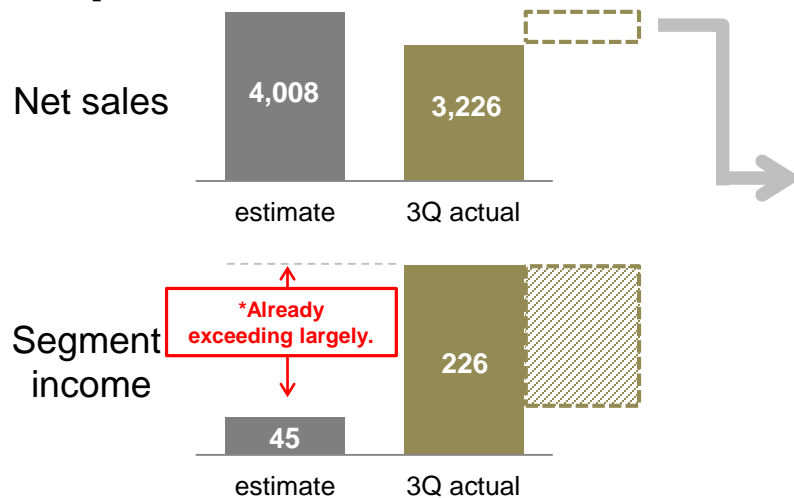
## [Information and Telecommunications Business]



### ● To build a network of excellent stores to be chosen by communities

- Corporate solutions business--Cost reduction, strengthen sales of products (LED, etc.)
- Mobile phone shop business--Strengthening event measures, etc.

## [Others]

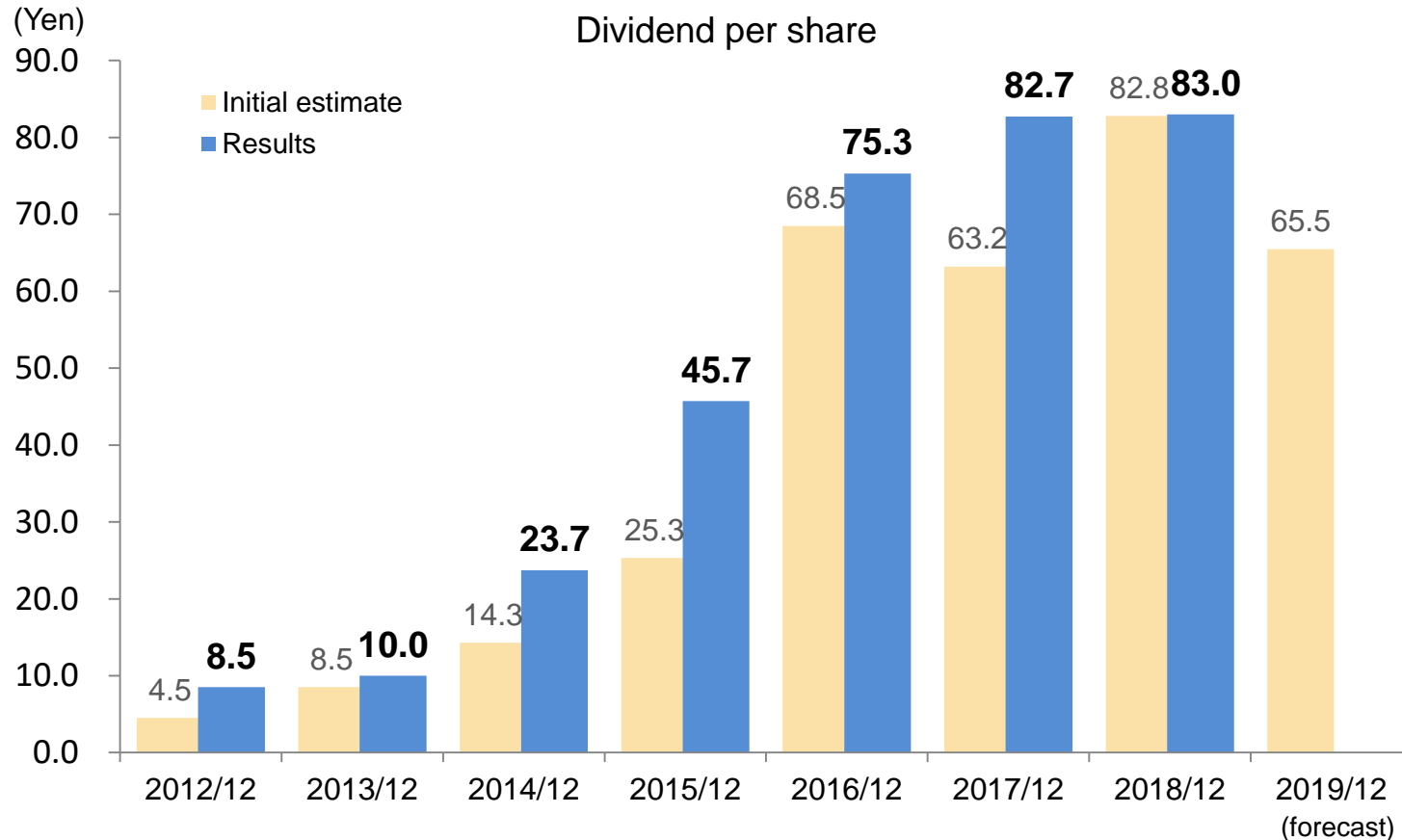


### ● Contribution to communities through agricultural park business

- Strengthening the ability to attract customers to facilities--Measures to enhance the exposure of new attractions (Alps Gym, etc.)
- Increase in unit price per customer--Improve food/beverage and product sales methods

# 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.



# Topics

## Promote expansion of business bases based on the new medium-term management plan 2021

### ● Creating opportunities for senior talent

To start a new business by World Next Co., Ltd.

We will make full use of the senior people's "HR pool" that we have been building in the Human Resources and Education Business.

Active senior people who are not working despite having technical skills



There are mismatches in employment opportunities due to undeveloped corporate acceptance systems and lack of understanding.

Companies need to resolve HR shortages and improve technical capabilities.

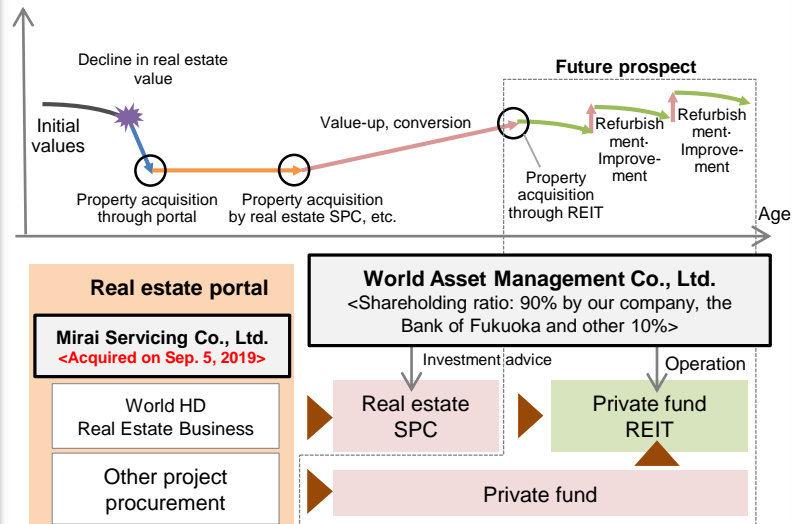


We will establish a department specialized for senior people, support employment for senior HR and identify potential demand of companies to eliminate mismatches.

### ● Expansion in the real estate financing business

Using 2 subsidiaries as the core, we will expand the Real Estate Business (in addition to real estate, we will handle real estate derivative financial products)

Overview of the real estate financial business



## For More Information

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