



FY2019 Financial Results



February 17, 2019 (Mon)
WORLD HOLDINGS CO., LTD.
First Section of Tokyo Stock Exchange(2429)

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I. Summary of FY2019 Financial Results



Summary of Financial Results (1)

- The Human Resources and Education Business, which is the mainstay, was healthy, due to the growth in the fields of technology development, etc.
- Neither sales nor profit reached the initial estimates, mainly because the posting of revenue from some transactions in the Real Estate Business was postponed until the following term (sales: about 10 billion yen; operating income: about 1.5 billion yen).

⇒ **For details, see the following slide.**

(Unit: Million yen)

	Results for the term ended Dec. 2018	*Initial estimate	Results for the term ended Dec. 2019	Result against estimate Achievement rate	YoY	
					Change	Pct. Change
Net sales	142,894	155,452	136,319	-19,132	-6,575	-4.6%
Operating income	7,370	6,049	4,730	-1,318	-2,639	-35.8%
Ordinary income	7,357	5,910	4,805	-1,105	-2,551	-34.7%
Net income attributable to owners of parent	4,650	3,672	2,956	-715	-1,693	-36.4%

*Announced on February 12, 2019

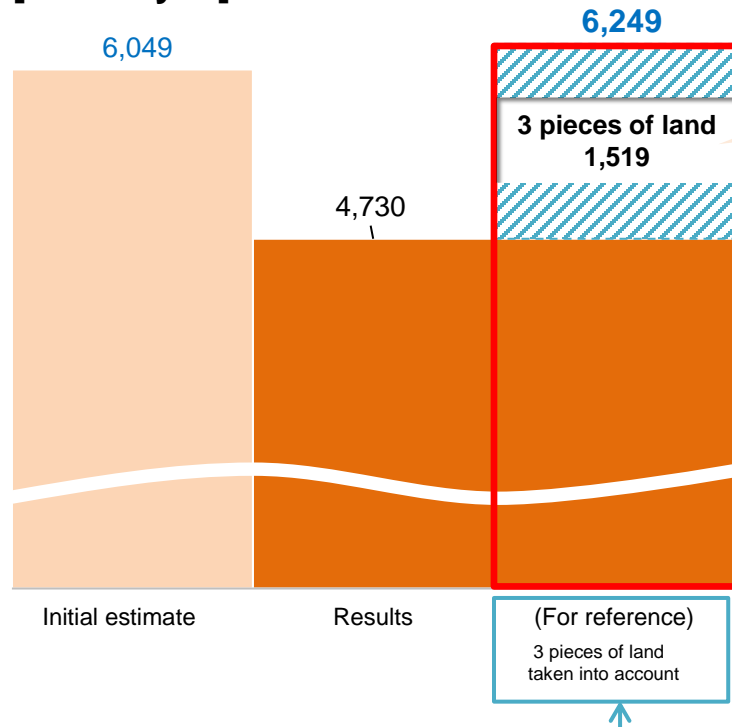
Summary of Financial Results (2):

~ Factors for the failure to reach the initial estimates

- Operating income was 1,318 million yen smaller than the initial estimate.

***Unlike tax accounting, in financial accounting, revenue (sales) is posted in the following term, so the sales of 3 pieces of land for business in the Real Estate Business (sales: 10,004 million yen; operating income: 1,519 million yen) are to be posted in the following term.**

Operating income for the term ended Dec. 2019 [million yen]



[Sale of 3 pieces of land for development]

The procedure for registering ownership transfer was completed by Dec. 2019. (90% of prices have been already received.)



Actual handover completed

In financial accounting, revenue (sales) is posted when remaining amounts are received. Therefore, the posting will be in the next term.

In tax accounting, actual handover has been completed, so revenue is posted in fiscal 2019.

	Initial estimate	Results for 2019	3 pieces of land	2019 "Actual"	Results for 2018
Net sales	155,452	136,319	+10,004	146,323	142,894
Operating income	6,049	4,730	+1,519	6,249	7,370

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

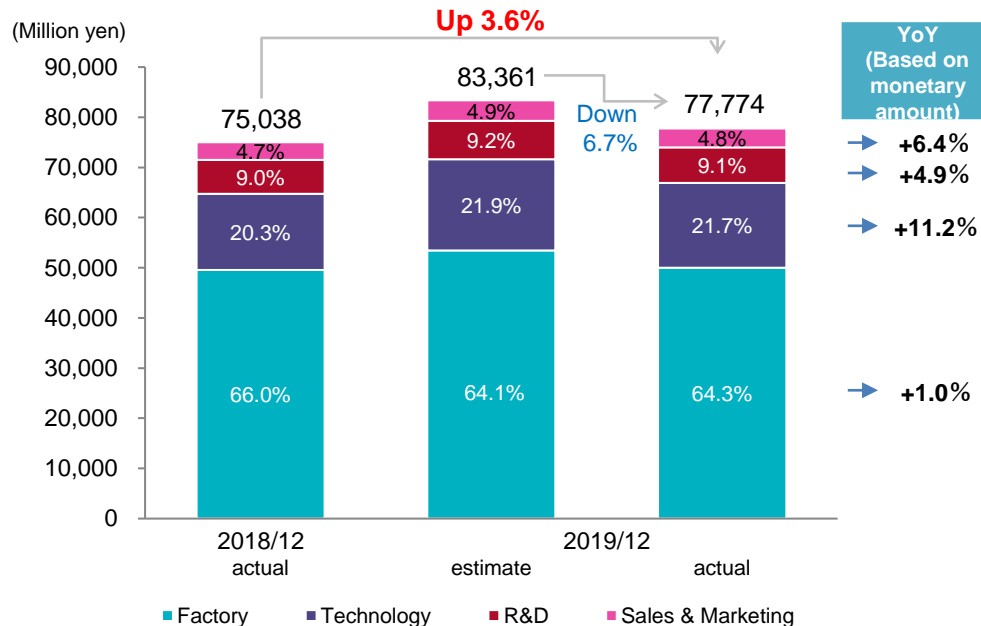
Unit: Million yen		Results for the term ended Dec. 2018 (Profit margin)		Results for the term ended Dec. 2019 (Profit margin)		YOY	
						Change	Pct. Change
Human Resources and Education Business	Total	Net sales	75,038		77,774	2,735	3.6
		Segment income	4,964 (6.6%)		5,179 (6.7%)	214	4.3
	Factory Business	Net sales	49,524		50,001	477	1.0
		Segment income	3,169 (6.4%)		2,679 (5.4%)	-489	-15.5
	Technology Business	Net sales	15,200		16,902	1,702	11.2
		Segment income	1,337 (8.8%)		1,761 (10.4%)	423	31.7
	R&D Business	Net sales	6,779		7,108	328	4.9
		Segment income	559 (8.3%)		711 (10.0%)	152	27.2
	Sales & Marketing Business	Net sales	3,533		3,761	227	6.4
		Segment income	-100 —		27 (0.7%)	128	—
Real Estate Business	Real Estate Business	Net sales	52,011		42,082	-9,929	-19.1
		Segment income	4,589 (8.8%)		1,460 (3.5%)	-3,129	-68.2
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	12,376		12,344	-32	-0.3
		Segment income	3 (0.0%)		10 (0.1%)	7	193.0
Other	Others	Net sales	3,467		4,118	650	18.8
		Segment income	-270 —		132 (3.2%)	402	—
		Net sales	142,894		136,319	-6,575	-4.6
		Elimination of corporate	-1,917		-2052	-134	—
		Operating income	7,370 (5.2%)		4,730 (3.5%)	-2,639	-35.8
<Reference>							
Real Estate Business	Development/Singlefamily housing	Net sales	34,199		22,225	-11,974	-35.0
		Segment income	3,651 (10.7%)		753 (3.4%)	-2,898	-79.4
	Renovation/Prefabricated houses	Net sales	17,812		19,857	2,045	11.5
		Segment income	938 (5.3%)		707 (3.6%)	-231	-24.6

Overall Segment

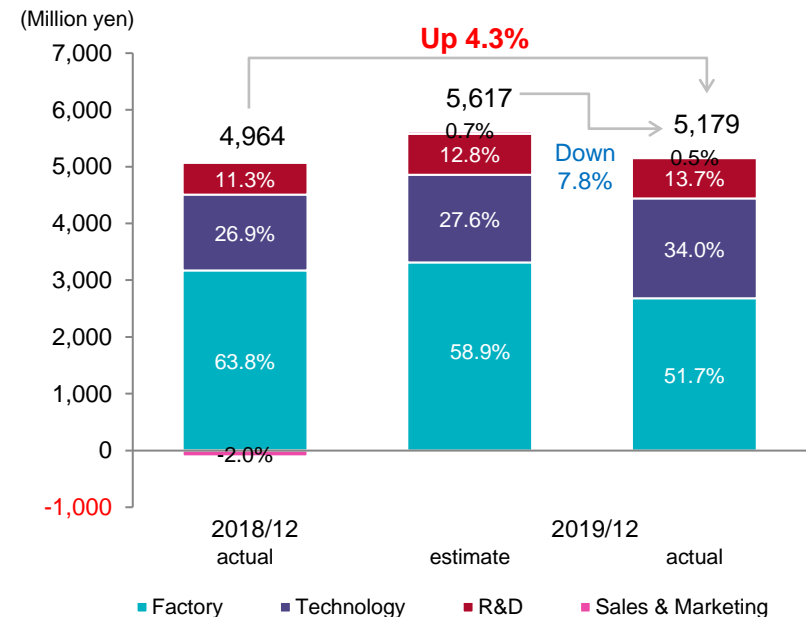
<Composition Ratio of Sales and Segment Income by Segment>

- Response to the changing external environment, such as amendments to laws
⇒Promoted measured upfront investment from the medium- and long-term perspective in order to raise the brand strength (capability of gathering workers)
- Stagnant 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

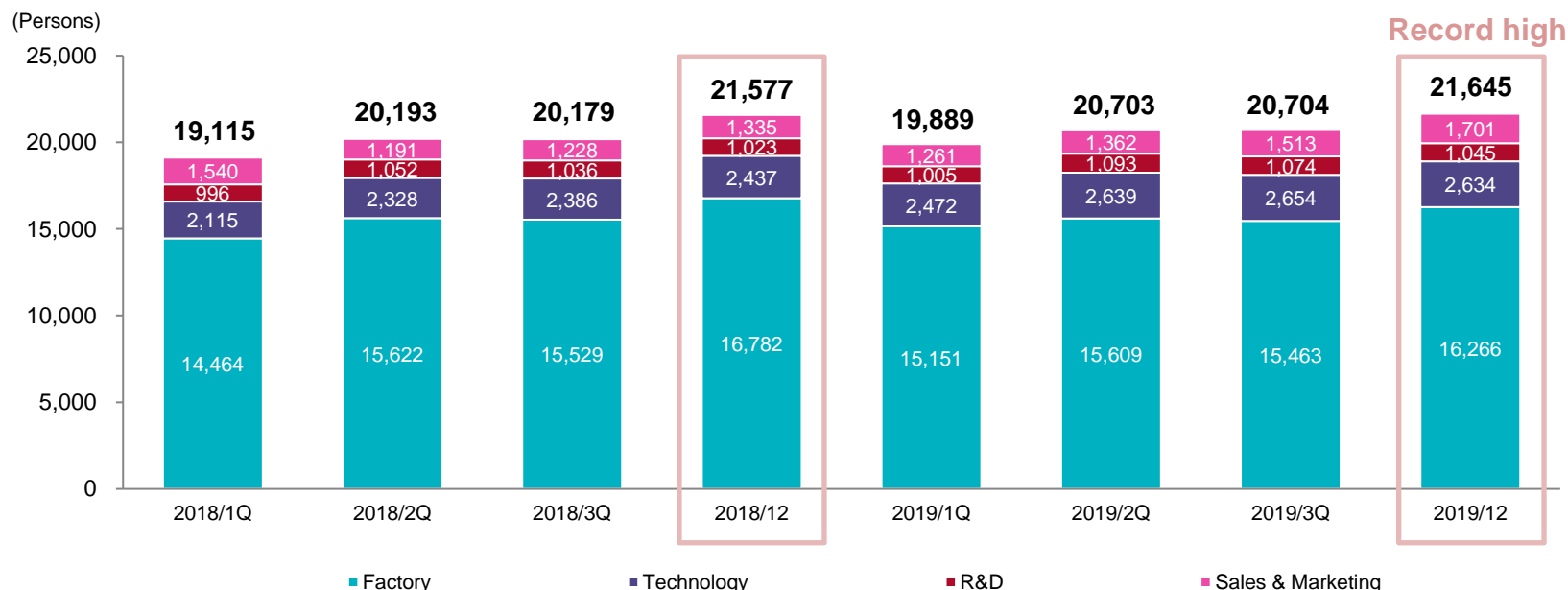


Overall Segment

<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)*



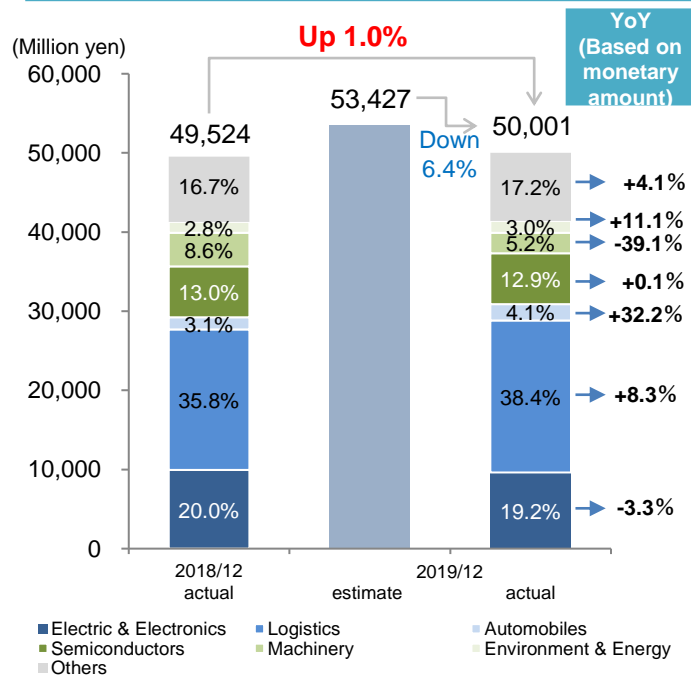
The number of staff in the Factory Business includes external staff members accepted from other companies.

Factory Business

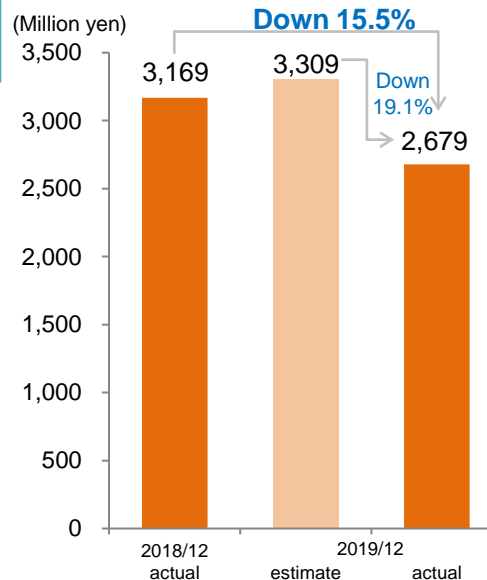
<Sales composition by business segment and the number of staff members>

- There was an impact of production curtailment in some businesses related to equipment for smartphones and semiconductors, but the marketing structure was strengthened, and we cultivated growing industries for 5G, automatic driving, etc. for the next term.
- Trained around 1,000 employees to produce leaders and managers for strengthening the businesses of undertaking tasks and dispatching teams.
- The logistics industry is growing stably. The company also promoted the development of management staff for establishing new business footholds.

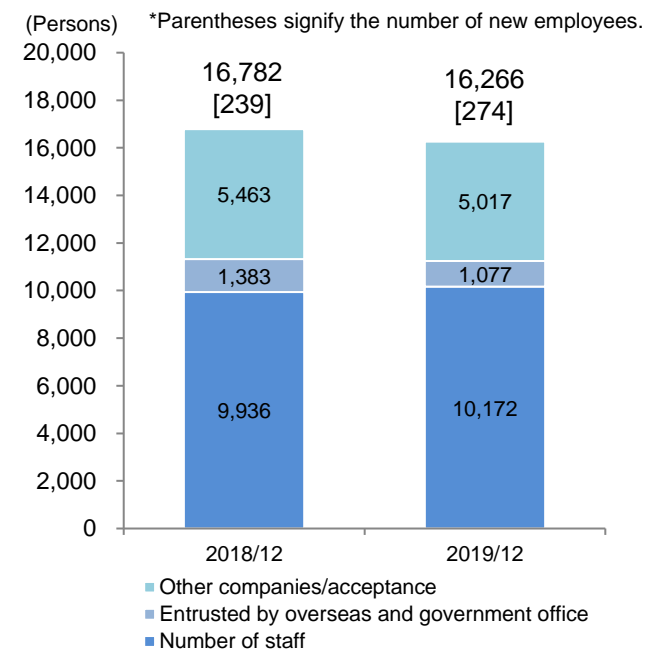
◆ Sales composition by business segment



◆ 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.

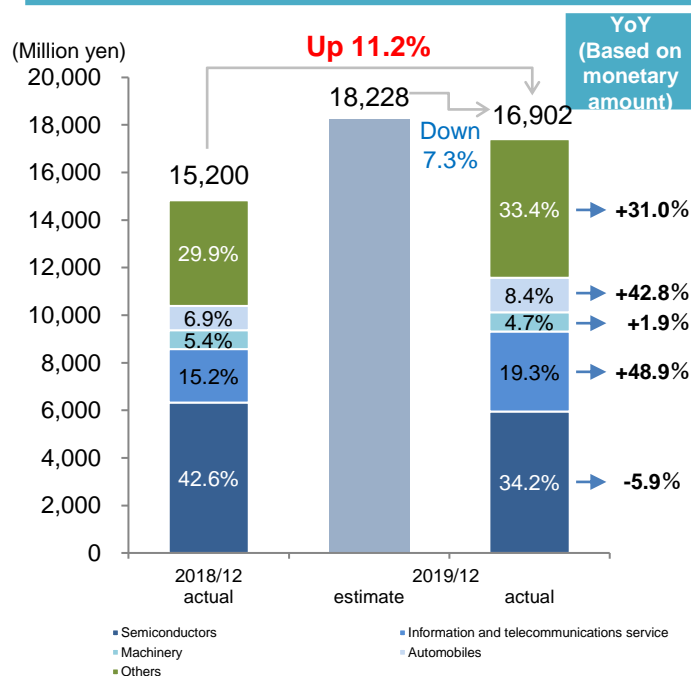
Technology Business

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

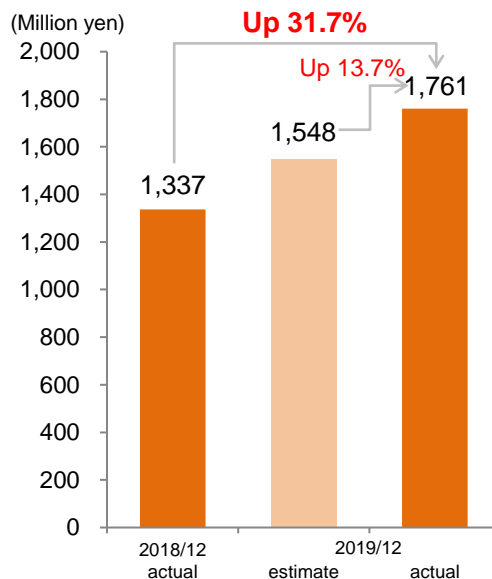
- In the scheme for training and producing engineers “Academia where people can flourish*,” inexperienced workers could be trained sufficiently, and the number of workers dispatched to the fields of automobiles, information, communications, etc. and average spending, too, increased.
- For the next term, we worked on the improvement of programs for training experienced workers and existing employees, too.

*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.

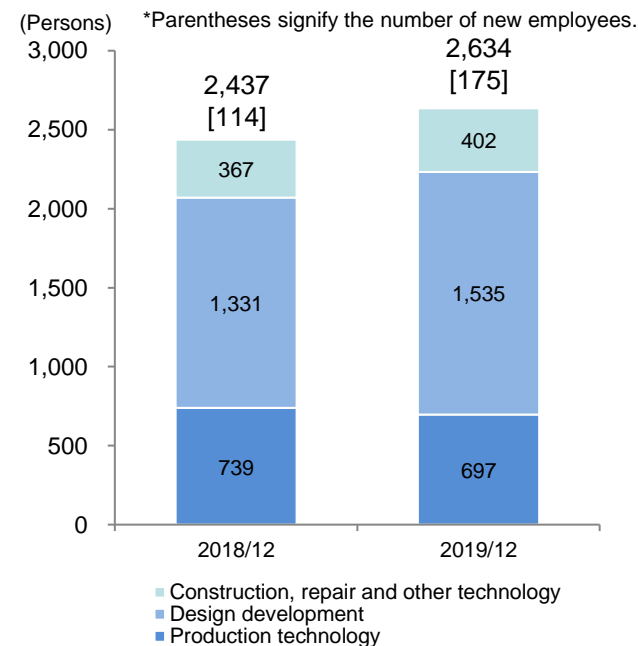
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

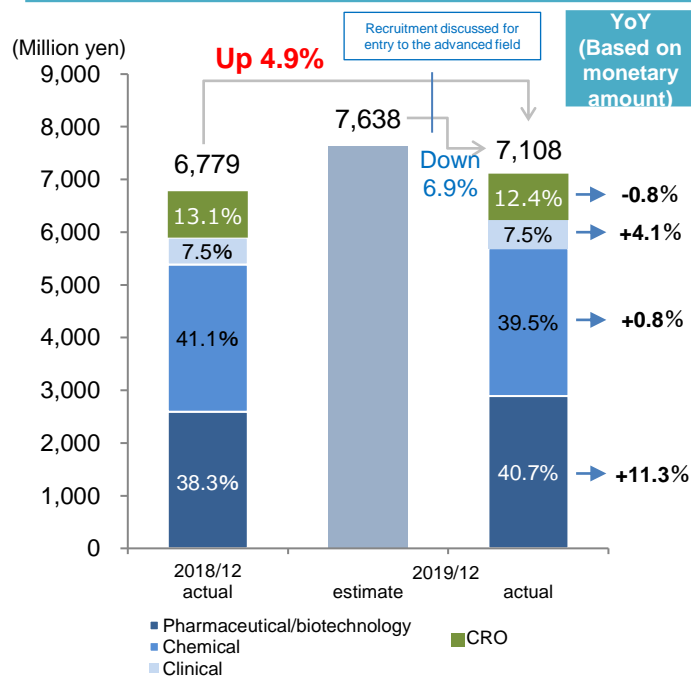
*The number of staff is a three-month average.
*Number of staff included only staff members who are engaged in on-site operation work.

R&D Business

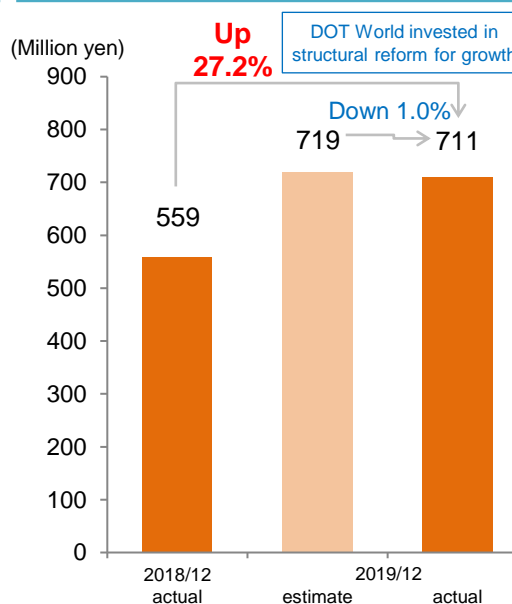
<Sales composition by business segment and the number of staff members>

- The Researcher Dispatch segment increased transactions with existing clients in the field of medicine, biotechnology and chemistry.
- To evolve from a “staffing company” and win the trust as a “research supporting enterprise,” we recruited excellent researchers, and concentrated on the improvement of their research and human skills through collaborative research with affiliated universities
- The clinical test undertaking business (CRO) section strived to improve operation rate through the structural reform in DOT World, and promoted the undertaking of doctor-led clinical tests based on nurtured relationships.

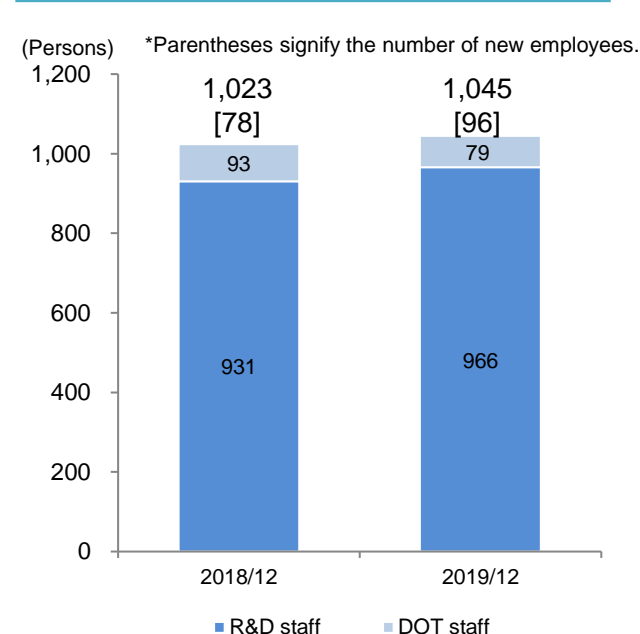
◆ Sales composition by business segment



◆ Segment income



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



*We have not disclosed the sales estimate by segment.

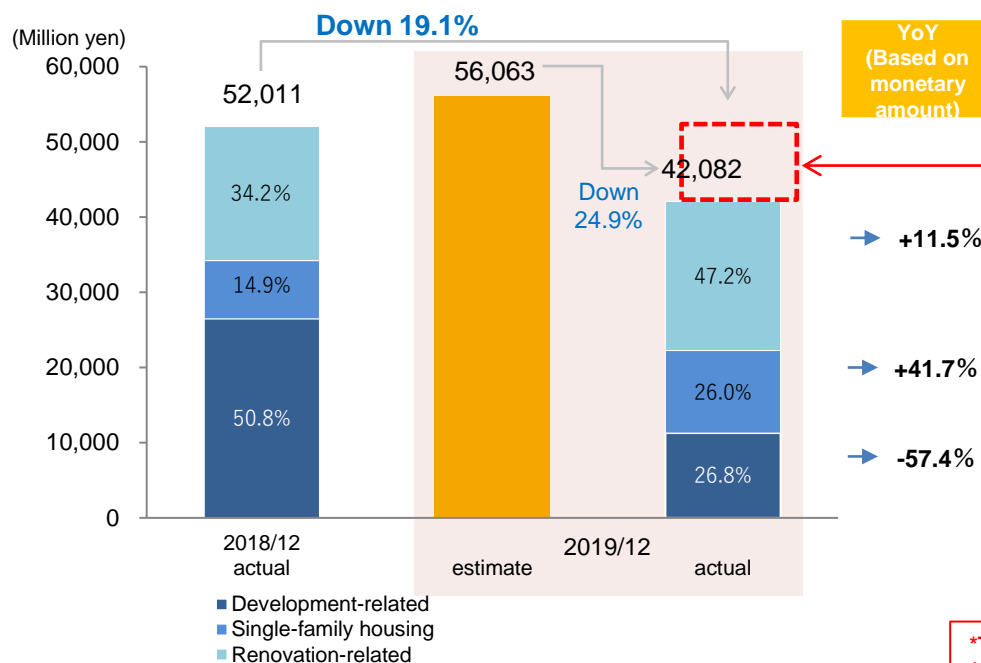
*The number of staff is a three-month average.
 *Number of staff included only staff members who are engaged in on-site operation work.

Real Estate Business

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

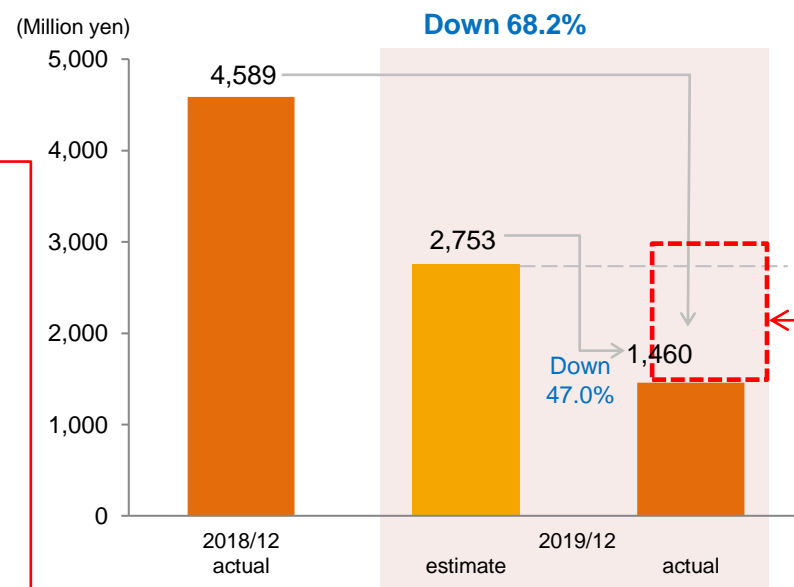
- In the development-related business, we focused on the securing of profit, and conducted timely procurement and handover. Then, the posting of sales of 3 pieces of land for business was postponed until the next term.
- Expecting the future growth of demand, we concentrated on the popularization of the brand related to real estate revitalization (renovation and conversion).
- Acquired Mirai Servicing Co., Ltd. to enter the real estate financing field.

◆ Sales composition by business segment



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

◆ Segment income



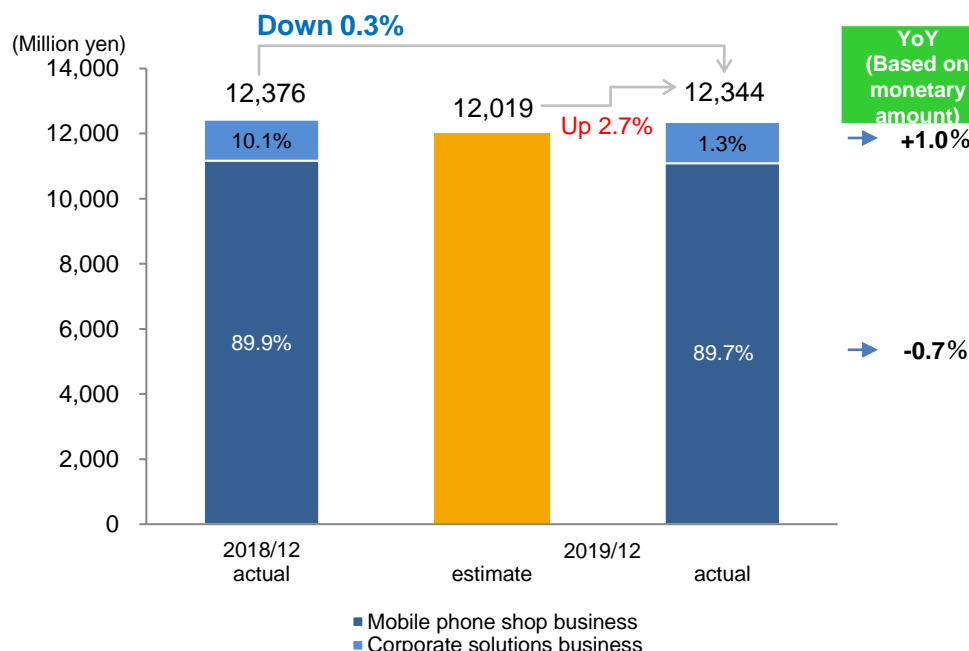
*The posting of revenue from some transactions postponed until the next term (sales: about 10 billion yen; operating income: about 1.5 billion yen)

Information and Telecommunications Business

< Sales for each target and segment income >

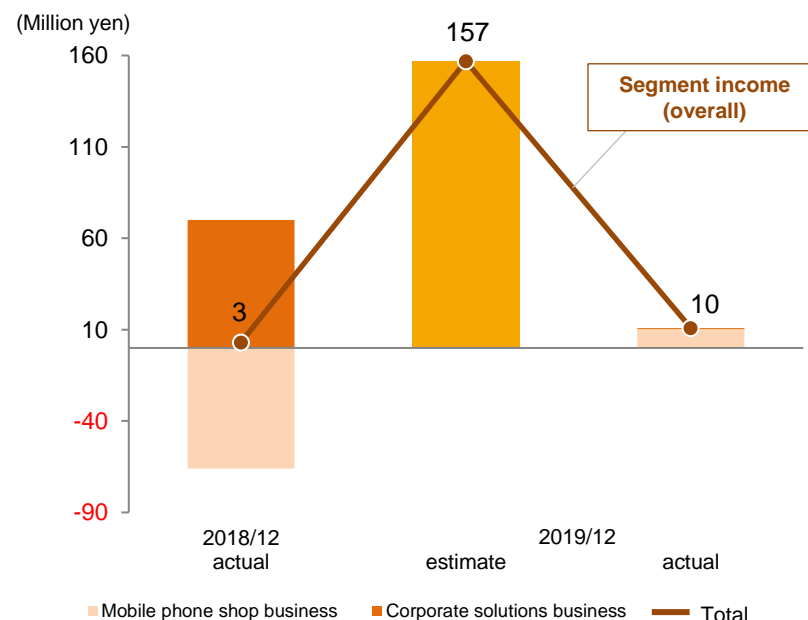
- We took measures to invest mainly for strengthening the shop business, which is our mainstay (including the organizational and shop infrastructure development to respond to amendment to laws, brushing up knowledge and ability to attend to customers, etc.) with the aim of sharing the merits of remaining 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

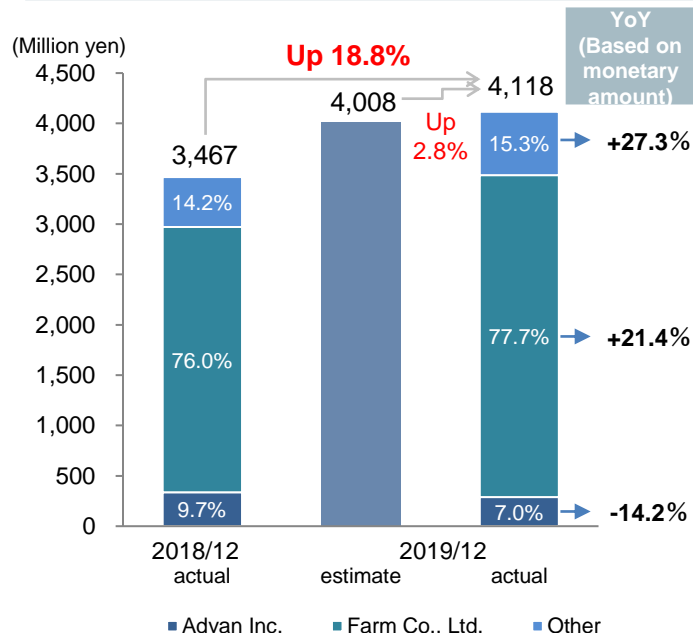


Others

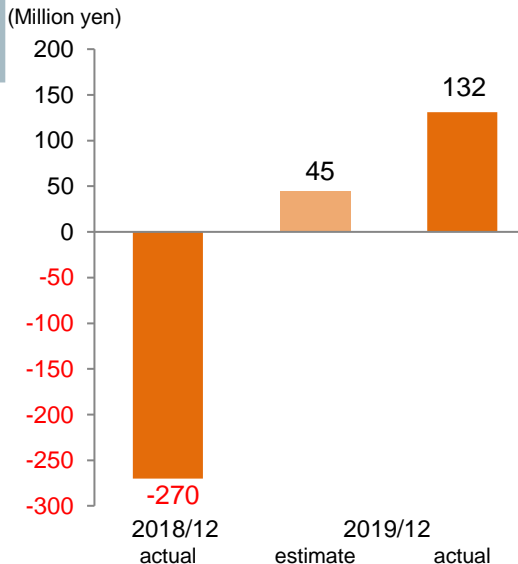
<Sales and major activities>

- 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 increased over 1.5 times. 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. We earned profit in 3 years after the entry.
- Advan Inc. exerted synergy to the education business of our Group as well as outside our Group.

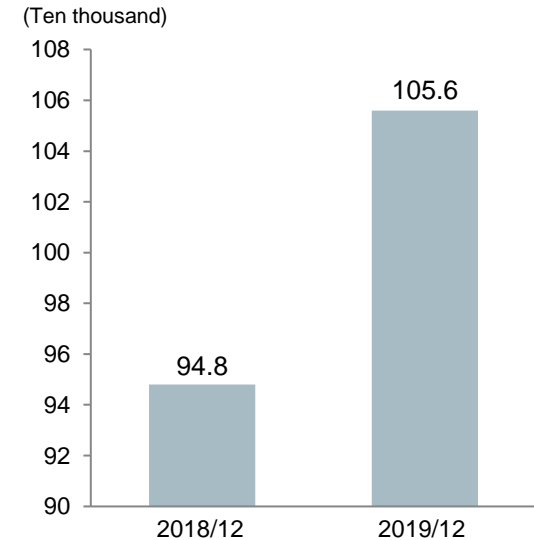
◆ Sales



◆ Segment income



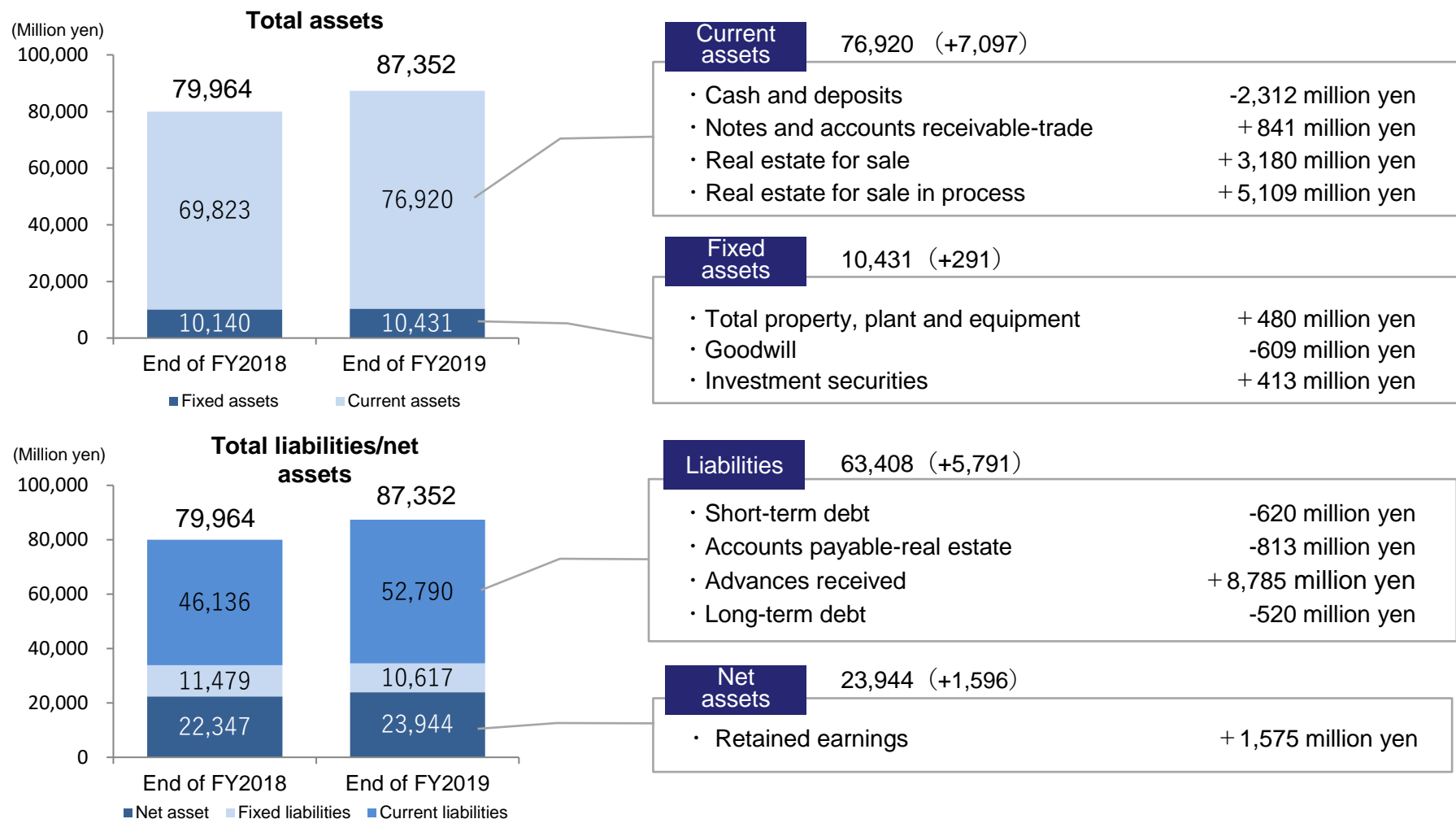
◆ Number of visiting customers



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

Financial Condition B/S

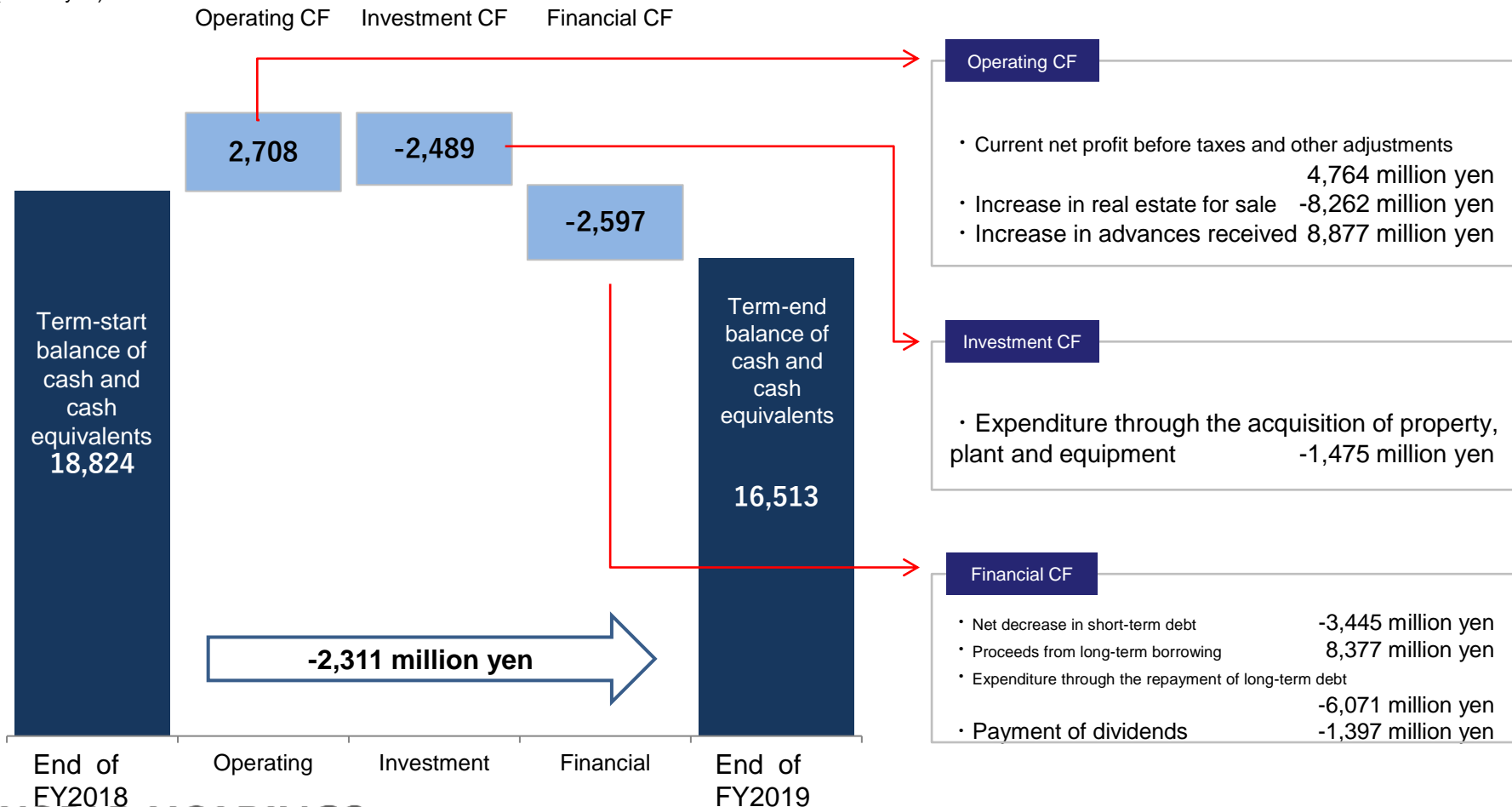
- The revenue from 3 pieces of land for business will be posted in the next term. ⇒ Advances received increased temporarily.



Cash Flows

- Operating CF was plus 2,708 million yen, investment CF was minus 2,489 million yen, and financial CF was minus 2,597 million yen.

(Million yen)



II. Outlook for the Term Ending Dec. 2020 and Future Strategies



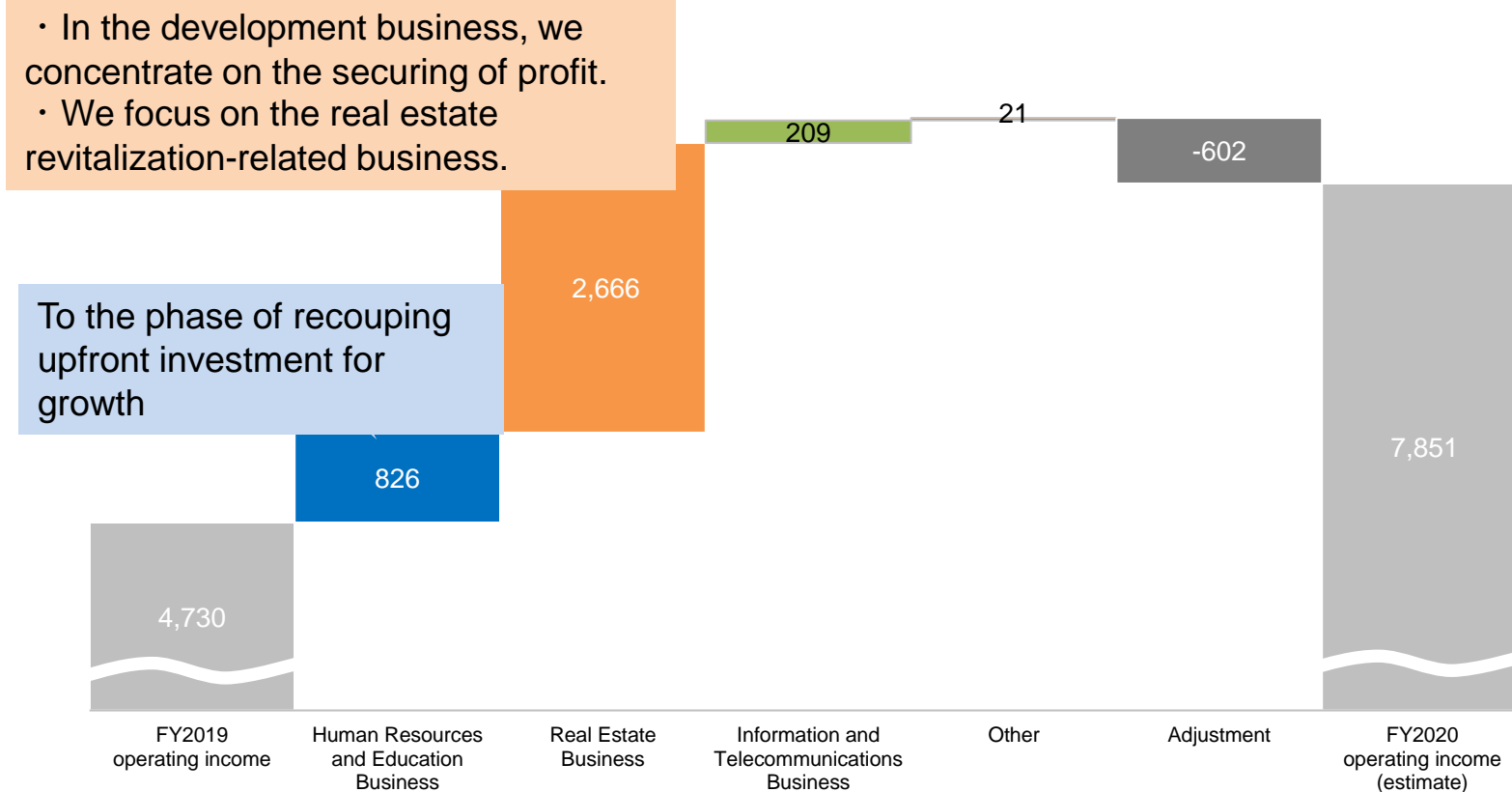
FY2020 Business Forecast

- To steadily implement the new medium-term management plan, which concentrates on sales growth
⇒ To business administration that **emphasizes sales growth from the previous term**

Unit: Million yen, %	Results for the term ended Dec. 2019	Forecast for the term ending Dec. 2020	YoY	
			Change	Pct. Change
Net sales	136,319	159,682	23,363	17.1
Operating income	4,730	7,851	3,120	66.0
Ordinary income	4,805	8,338	3,533	73.5
Net income attributable to owners of parent	2,956	5,601	2,644	89.5
EPS (yen)	175.59	332.60	157.01	89.4
Dividend per share (yen)	52.7	99.8	47.1	89.4

FY2020 Factors for Increasing or Decreasing Operating Income

- Profits are estimated to rise in all segments.



FY2020 Business Forecast by Segment

- The Human Resources and Education Business, which is the mainstay, will keep growing year on year.

Unit: Million yen, %			Results for the term ended Dec. 2019	(Profit margin)	Forecast for the term ending Dec. 2020	(Profit margin)	YOY	
							Change	Pct. Change
Human Resources and Education Business	Total	Net sales	77,774		88,339		10,566	13.6
		Segment income	5,179	(6.7%)	6,006	(6.8%)	827	16.0
	Factory Business	Net sales	50,001		57,389		7,388	14.8
		Segment income	2,679	(5.4%)	3,399	(5.9%)	720	26.9
	Technology Business	Net sales	16,902		18,327		1,425	8.4
		Segment income	1,761	(10.4%)	1,913	(10.4%)	152	8.6
	R&D Business	Net sales	7,108		7,446		338	4.8
		Segment income	711	(10.0%)	753	(10.1%)	41	5.8
	Sales & Marketing Business	Net sales	3,761		5,176		1,415	37.6
		Segment income	27	(0.7%)	-59	(-)	-87	(-)
Real Estate Business	Real Estate Business	Net sales	42,082		56,369		14,287	33.9
		Segment income	1,460	(3.5%)	4,126	(7.3%)	2,666	182.6
Information and Telecommunications Business	Information and Telecommunications Business	Net sales	12,344		10,644		-1,700	-13.8
		Segment income	10	(0.1%)	220	(2.1%)	209	1,910.6
Other	Others	Net sales	4,118		4,330		211	5.1
		Segment income	132	(3.2%)	153	(3.5%)	21	16.3
Total		Net sales	136,319		159,682		23,363	17.1
		Elimination or corporate	-2,052		-2,654		(-)	(-)
		Operating income	4,730	(3.5%)	7,851	(4.9%)	3,121	66.0

Future strategy for Human Resources and Education Business (1)

Basic policy for mid/long-term growth

<To strive to actualize co-sourcing* by improving technical and interpersonal skills>

* Co-sourcing: The advanced version of outsourcing for not only offering quantitative aid for human resources, but also joining hands to solve problems

[Strategies in the rolling plan of the new medium-term management plan 2021]

From the phase of upfront investment in human resources development to the recoupment phase (expansion of sales and profit)

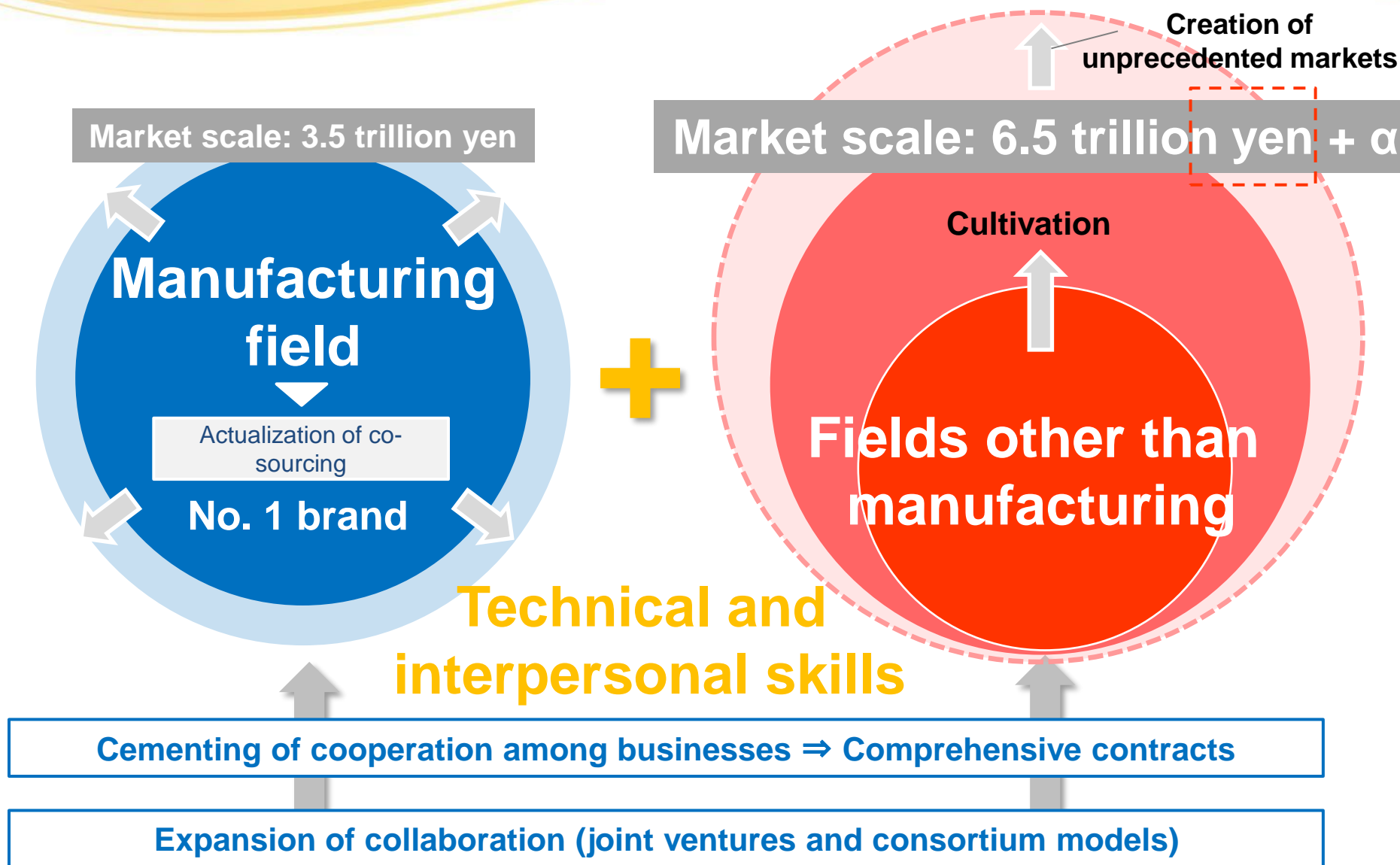


To increase transactions with customers who have long-term needs (for 5G, automatic driving, etc.) and cultivate new fields

To find high-quality business partners through the expansion of cooperation

To enhance the businesses of undertaking tasks and dispatching teams ⇒ To actualize the virtuous cycle of personnel development and improvement in retention rate

Future strategy for Human Resources and Education Business (2)



Example of a consortium model – JW Solution

[New type of HR business called the consortium model]

Through the Factory Business, our company formed a consortium and accumulated know-how.

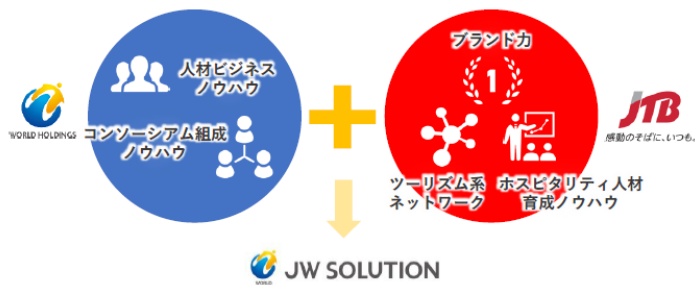
⇒ To offer opportunities to clients who want to secure adequate personnel and staffing companies that face difficulty in approaching large clients, and foster win-win relationships



[Creation of new markets in the HR business]

To operate the HR business in the tourism field, in which competitors have not conducted business, while focusing on high hospitality around Japan

⇒ This business became possible through the alliance with JTB, which possesses brand power and networks in this field



Scene of "Press conference regarding the collaborative business of World Holdings and JTB Group" (Jan. 28, at Imperial Hotel)

From left
Eikichi Iida
Chairman and President
World Holdings Co., Ltd.
Shinji Honda
Representative Director and President
JW Solution Co., Ltd.
Hiroyuki Takahashi
Representative Director, President, and Executive Officer
JTB Corporation
Akihiko Hosono
Representative Director, President, and Executive Officer
JTB Communication Design, Inc.

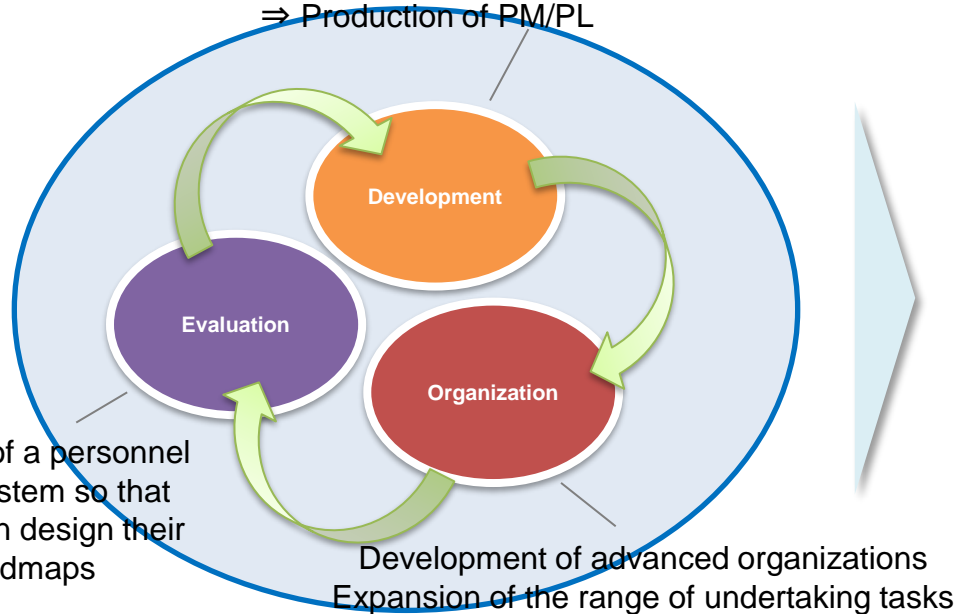
**We will keep striving to create a new HR business market,
by operating a joint venture and the consortium model.**

Future strategy for Human Resources and Education Business (3)

To form a virtuous cycle by further systematizing personnel development, organization, and evaluation

Technical and interpersonal skills

Skill development + management education
⇒ Production of PM/PL



Improvement of the capability of gathering workers ⇒ To become a company selected by both employees and clients

Future strategy for Real Estate Business (1)

Transfer of all shares of Hoei Construction Co., Ltd.



There is a case in which the priority domains in which managerial resources are invested are changed through the reform of our business portfolio, but

Our basic policy for mid/long-term growth is unchanged.

[Even after expanding into the general real estate business, we aim to establish a robust management structure.]

- To continue the expansion of our product lineup, business domains, and areas, to enhance our brand
 - ⇒ In the short term, we will concentrate on the real estate revitalization-related business, and launch a real estate financing business
- To achieve a good balance between one-shot revenue and recurring revenue businesses

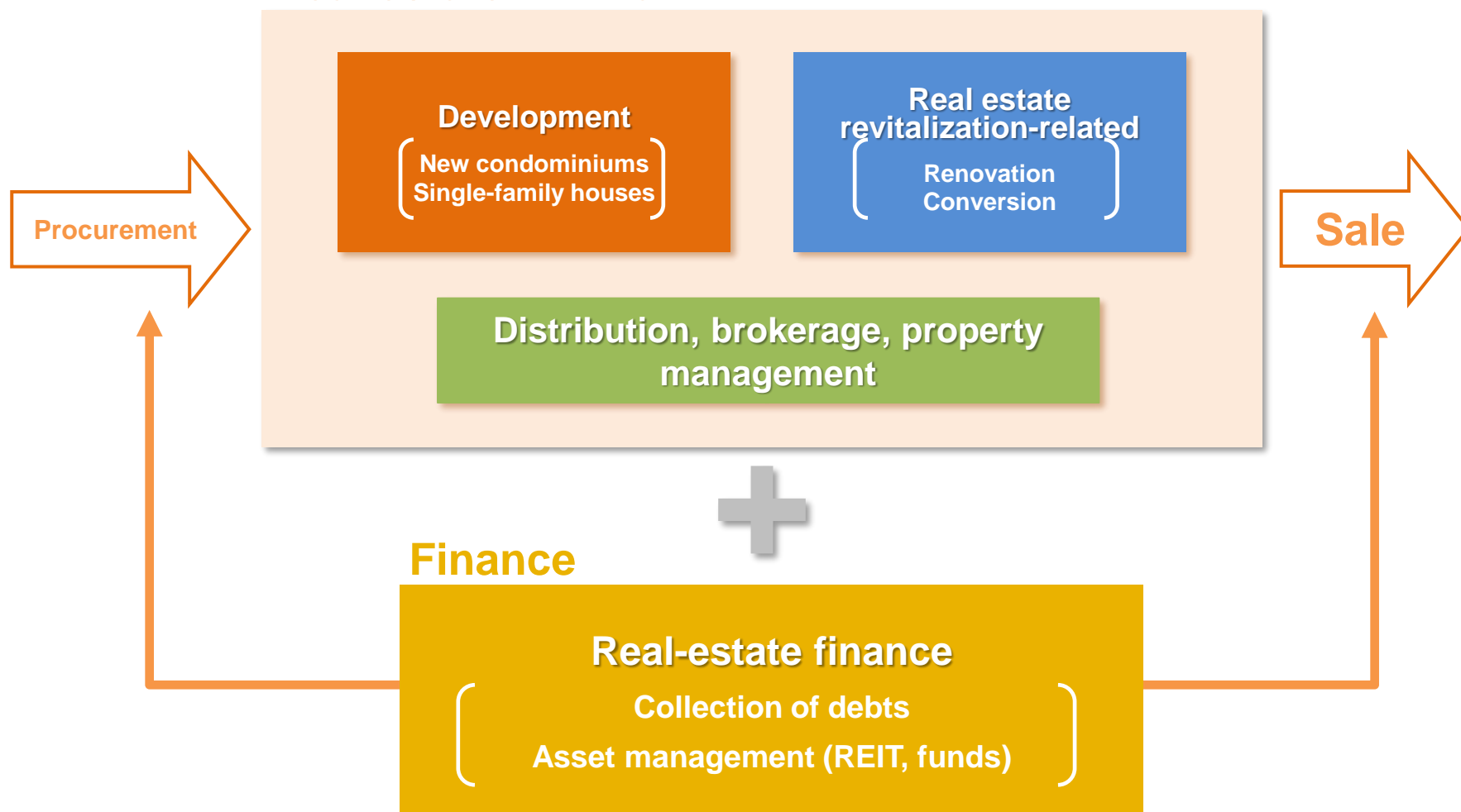


We aim to grow stably while optimizing our portfolio and dispersing risks.

Future strategy for Real Estate Business (2)

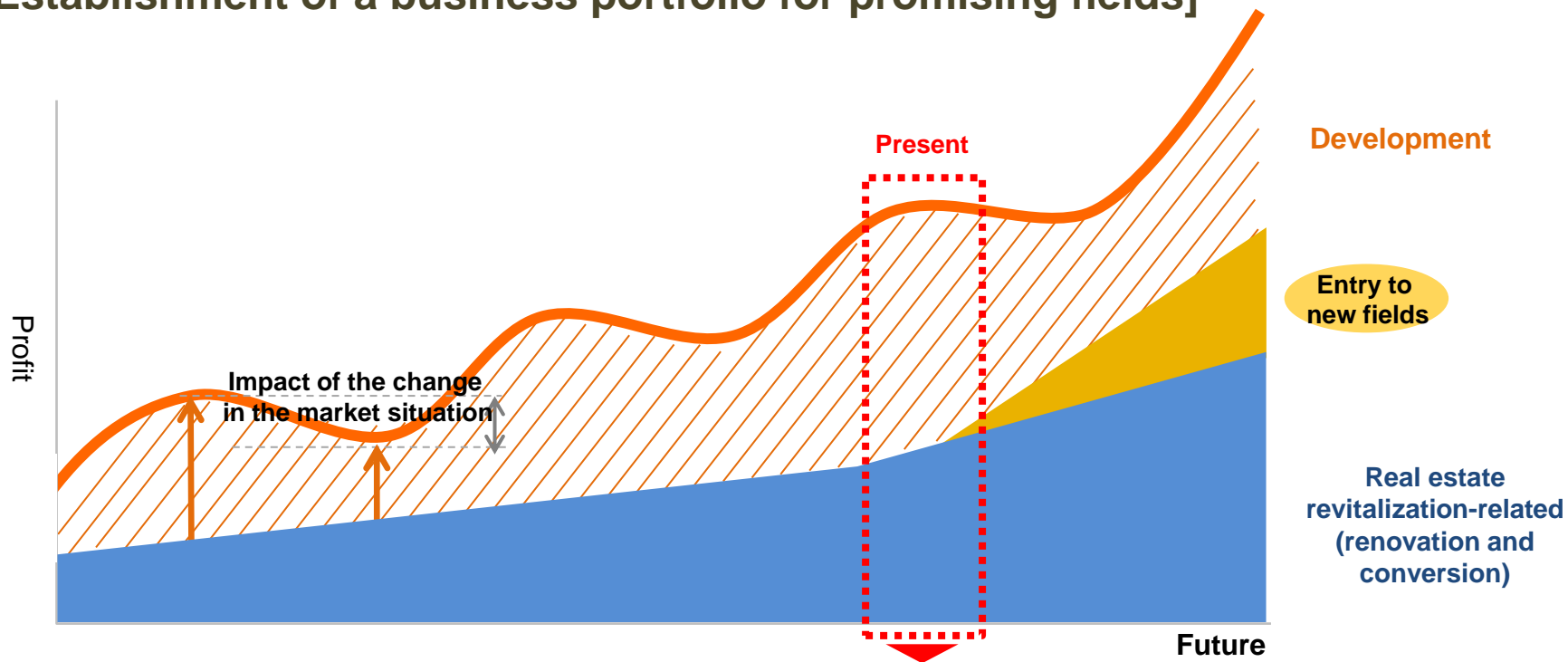
[Structure of real estate business from now on]

Real estate in kind



Future strategy for Real Estate Business (3)

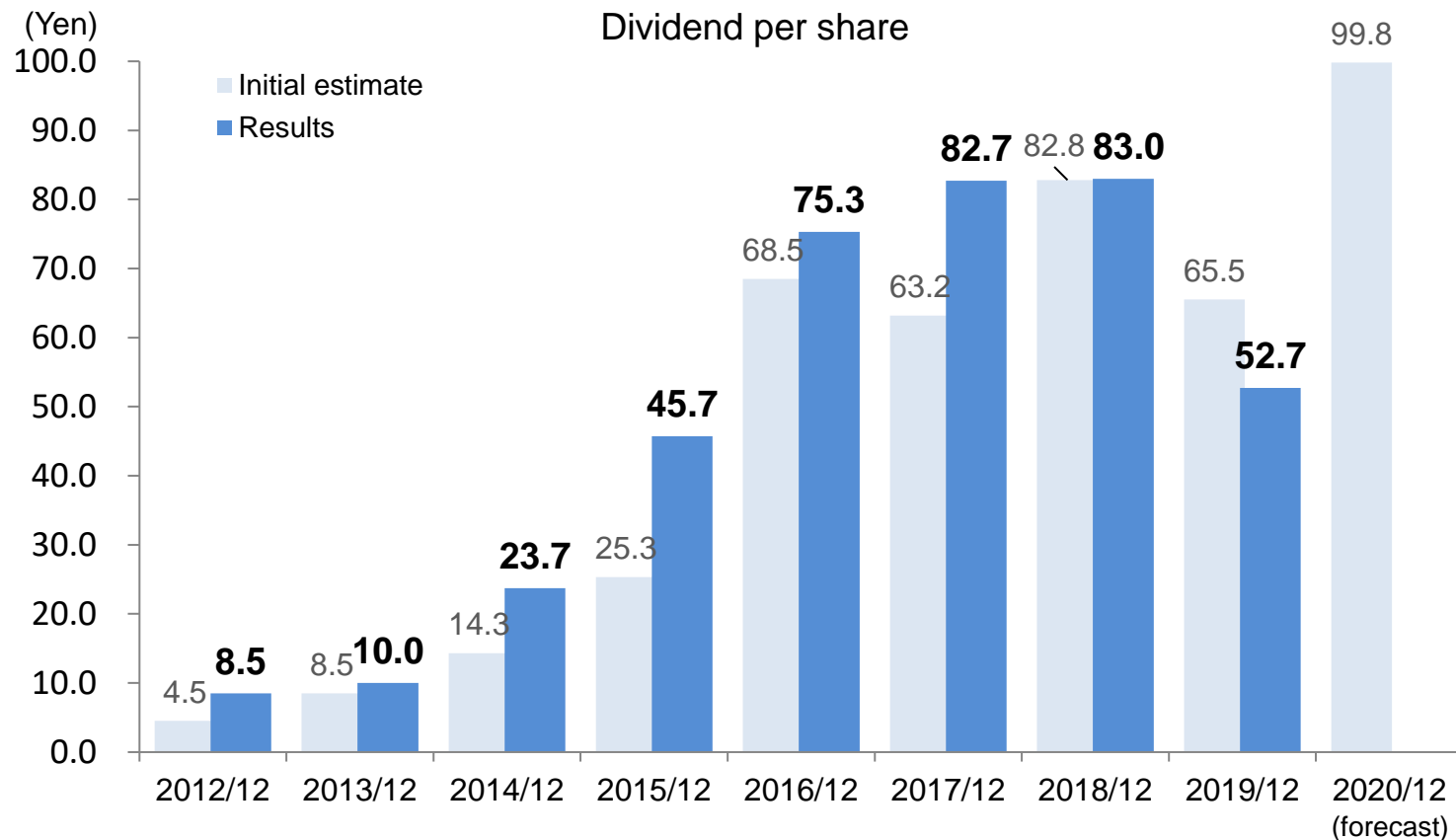
[Establishment of a business portfolio for promising fields]



Development	To continue careful procurement while emphasizing profitability until the adjustment phase of the real estate market
Real estate revitalization-related	Renovation: Expansion of our marketing area and strengthening of our marketing structure ⇒ the largest share in each region Conversion: Full-scale operation, considering the trends of reform of ways of working, demand for accommodation, etc.
New domain (real-estate finance)	Development of a scheme, including the acquisition of subsidiaries, etc. ⇒ Full-scale operation

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.

For More Information

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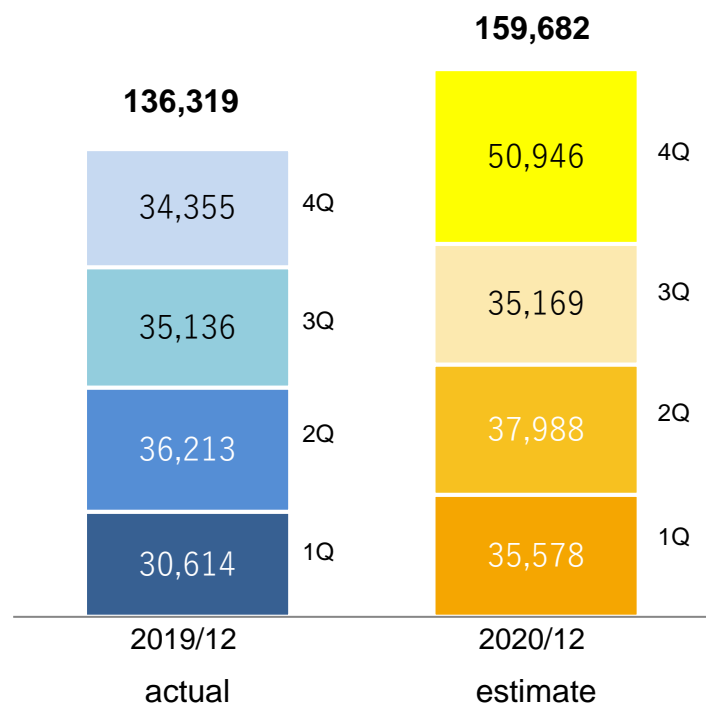
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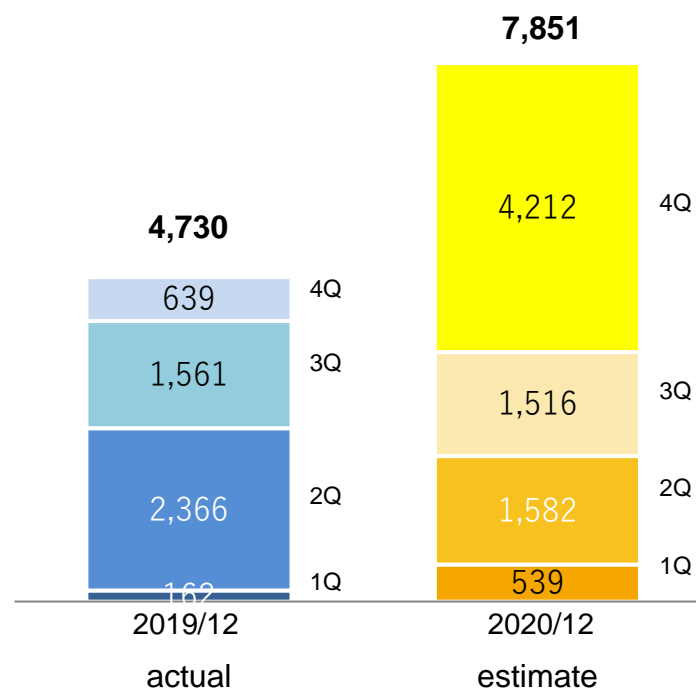
FY2020 Overall Quarterly Business Forecast

- 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



FY2020 Quarterly Business Forecast By Segment

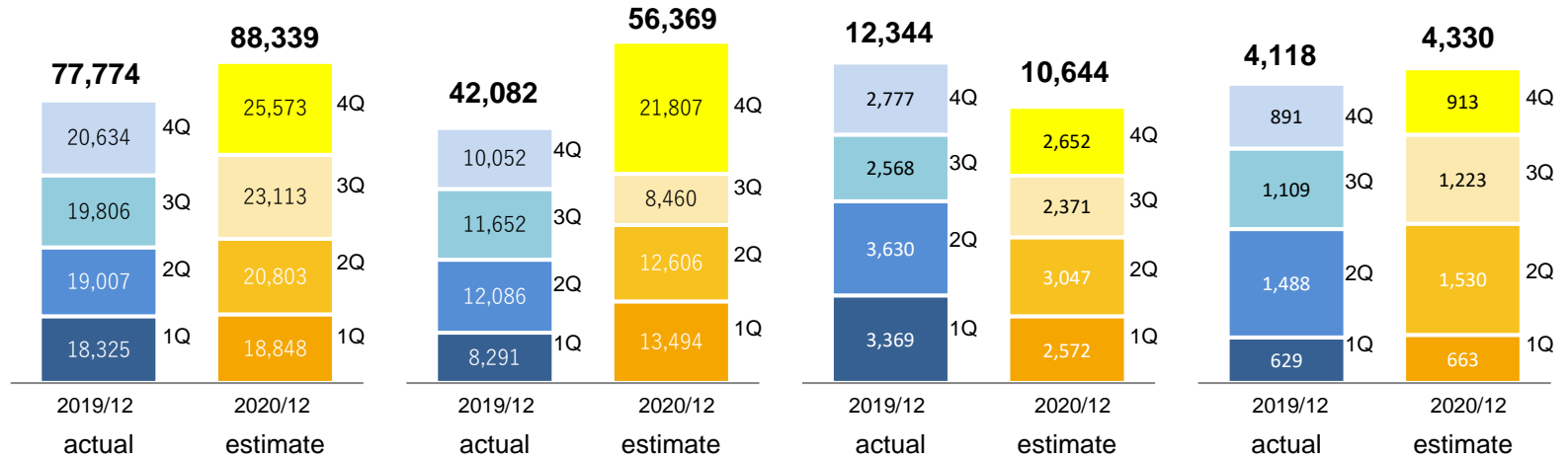
Human Resources and Education Business

Real Estate Business

Information and Telecommunications Business

Other

Net sales



Segment income

