



キッチンから、笑顔をつくろう

Presentation Material:
Announcement of FY 2019 Interim Results

November 14, 2019



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I . Interim Results Outline

1. Outline of Consolidated Results for Interim Period Ended September 2019

(Units: millions of yen)

	2019/9 (Actual Results)	2018/9 (Actual Results)	Change From Prev. Period	2019/9 (Previous Forecast)	2019/9 (Revised Forecast)	Compared To Revised Plan
Net Sales	54,778	49,882	9.8%	51,400	54,700	6.4%
Operating Income	2,224	△1,159	—	300	2,200	633.3%
Ordinary Income	2,256	△1,095	—	330	2,250	581.8%
Profit attributable to owners of parent	1,572	△1,286	—	50	1,550	—
Interim Net Income Per Share	42.95yen	△35.16yen	—	1.37yen	42.35yen	—

* Previous Forecast: Announced May 15, 2019

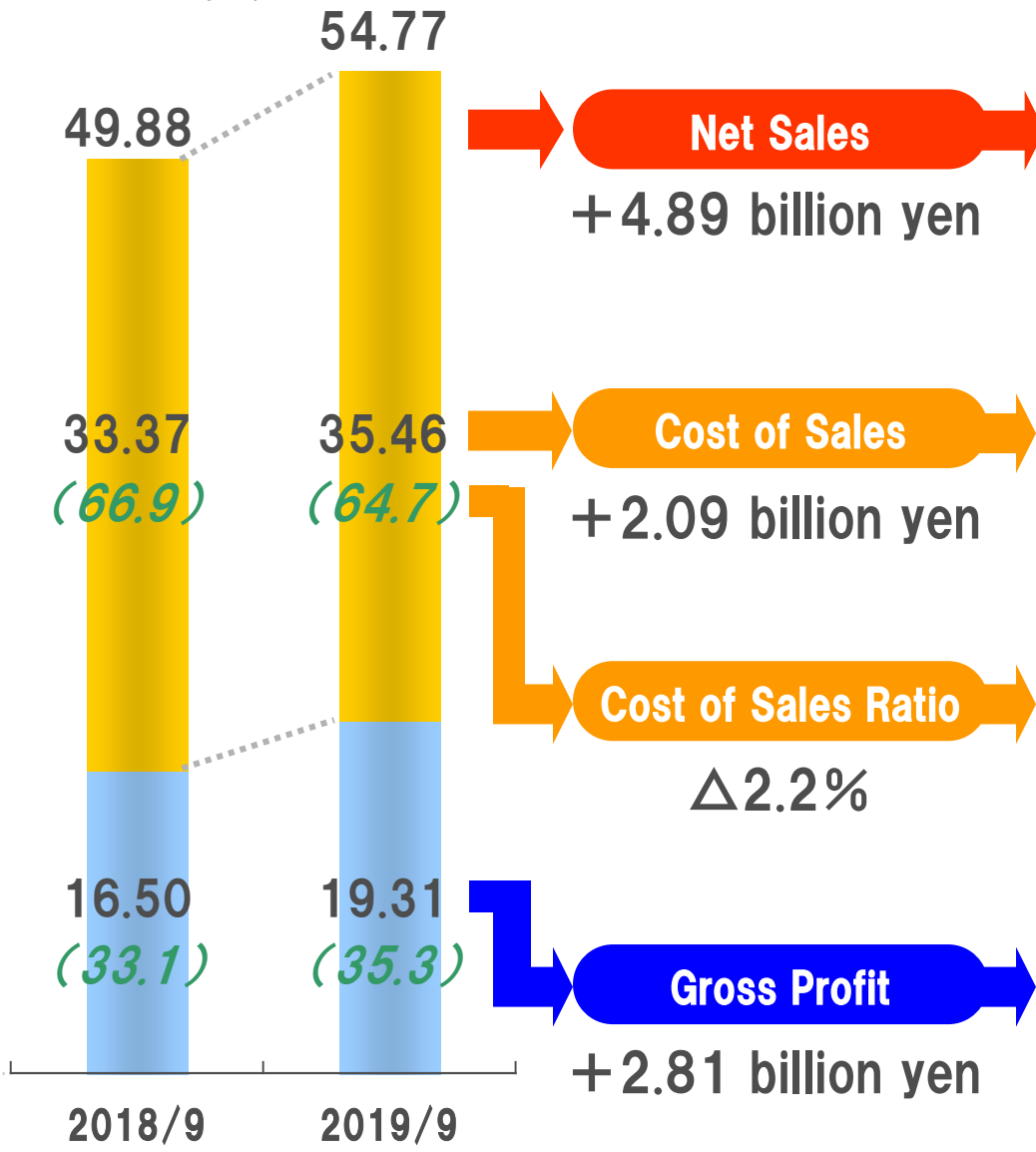
* Revised Forecast: Announced October 31, 2019

2. Consolidated Profits (1) Net Sales, Gross Profit

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



- System Kitchens + 4,160 million yen
- System Bathrooms + 40 million yen
- Washstands/Vanities + 120 million yen etc.

- Increase Due to Increased Net Sales + 3,280 million yen
- Decrease Due to Decreased Cost of Sales Ratio Δ 1,190 million yen

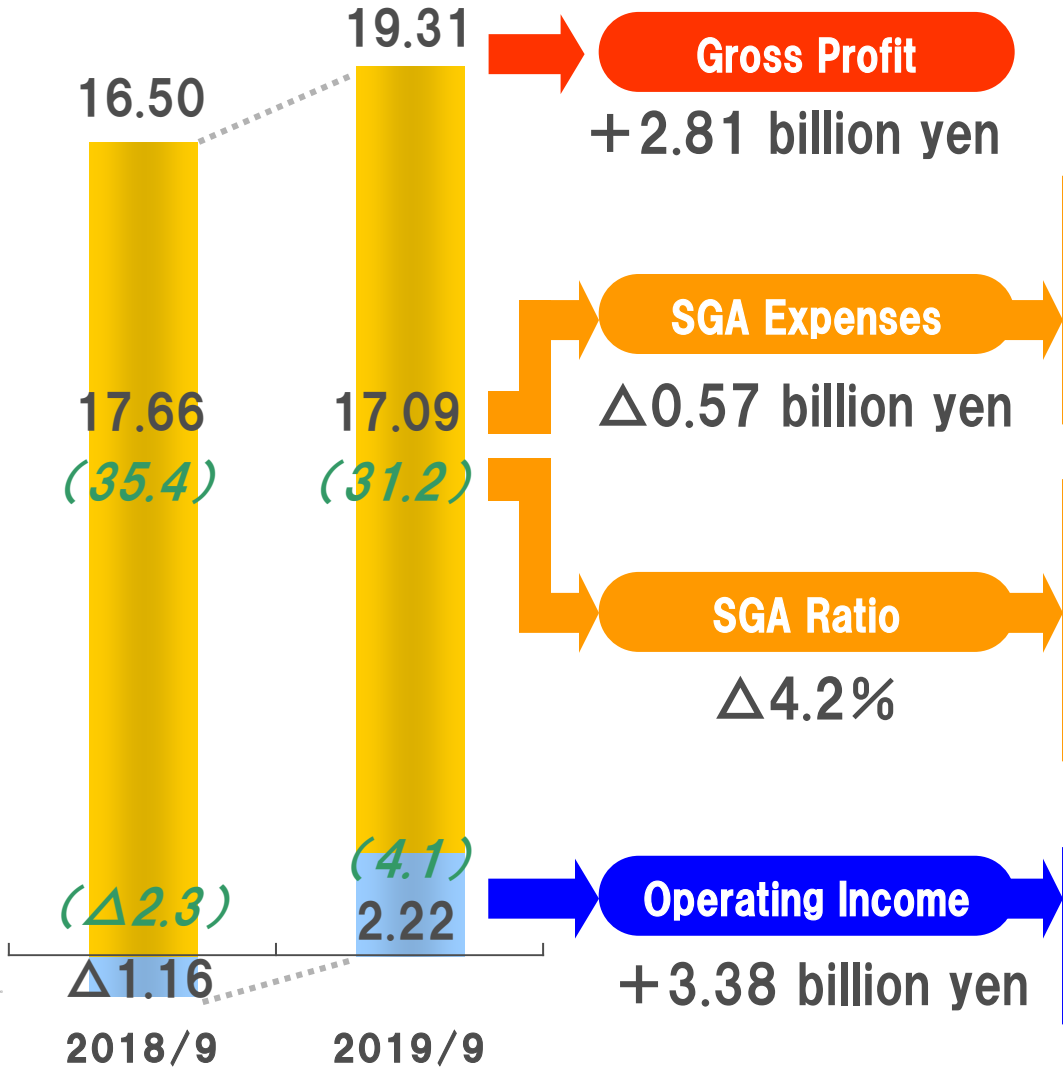
- Decrease in CENTORO, STEDIA Cost of Sales Ratio Δ 2.40 point
- Decrease in RAKUERA Cost of Sales Ratio Δ 0.29 point
- Increase in System Bathrooms Cost of Sales Ratio + 0.09 point
- Influence of Raw Materials and Others + 0.40 point etc.

- Increase Due to Increased in Net Sales + 1,620 million yen
- Increase Due to Increased in Gross Profit Ratio + 1,190 million yen

2. Consolidated Profits ② SGA Expenses, Operating Income

(Units: billions of yen)

【Increased/Decreased Values (Rates)】



【Main Increase/Decrease Factors】

● Sales Expenses	Δ 380 million yen
● Distribution Expenses	+ 30 million yen
● Personnel Expenses	+ 40 million yen
● Administrative Expenses	Δ 270 million yen

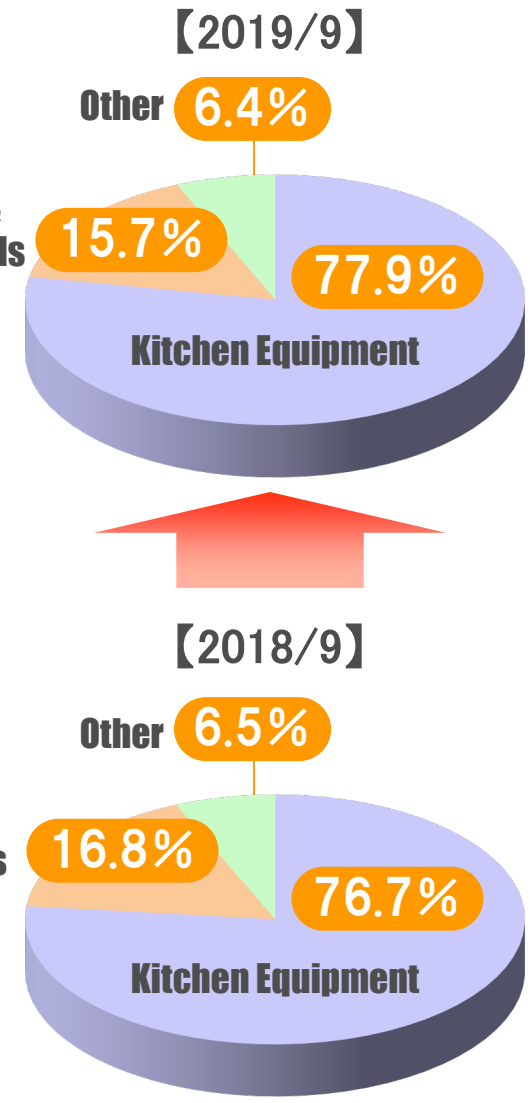
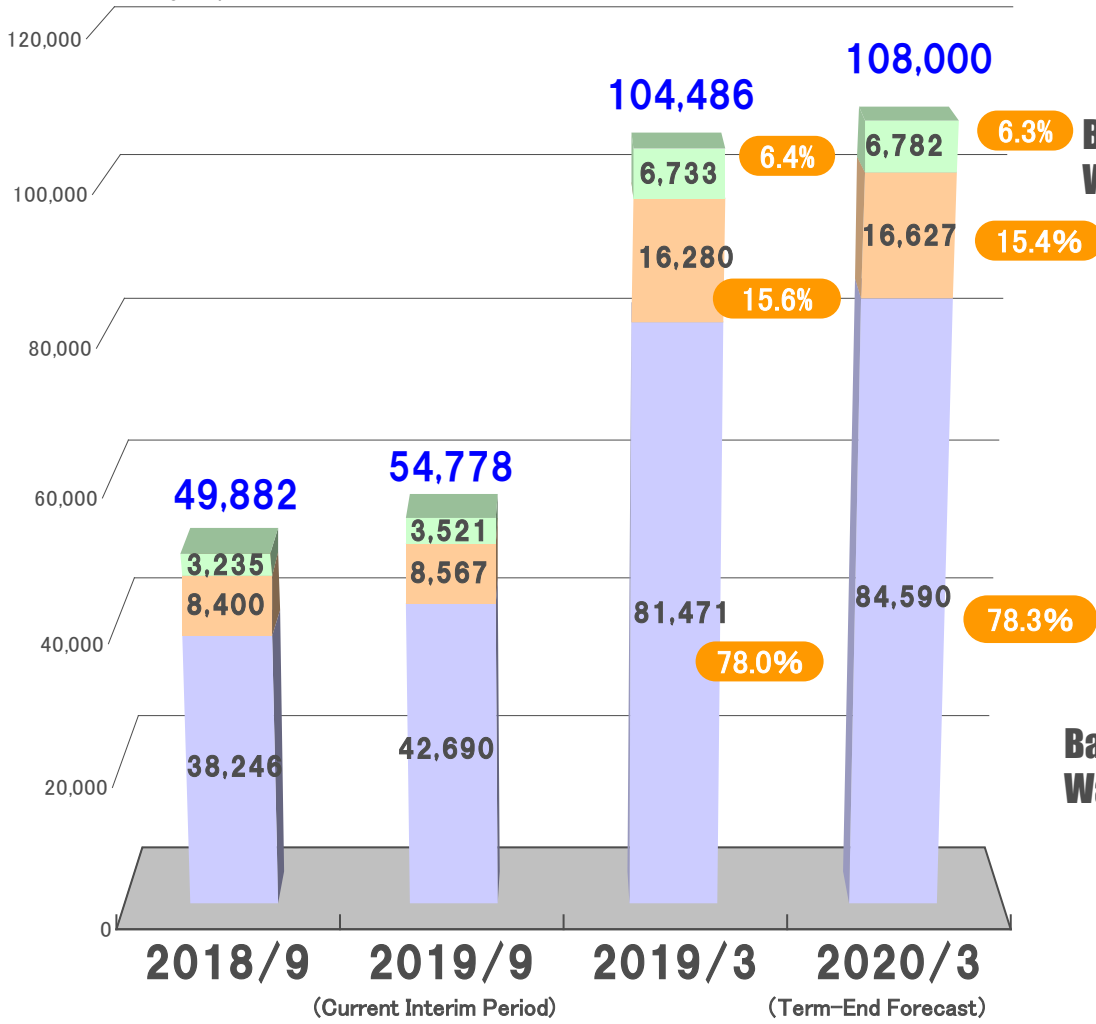
● Sales Expenses	Δ 1.0 points
● Distribution Expenses	Δ 0.5 points
● Personnel Expenses	Δ 1.3 points
● Administrative Expenses	Δ 1.4 points

● Increase in Gross Profit	+ 2,810 million yen
● Decrease in SGA Expenses	+ 570 million yen

3. Sales Composition ① By Segment (Consolidated)

■ Kitchen Equipment
 ■ Bathtubs & Washstands
 ■ Other

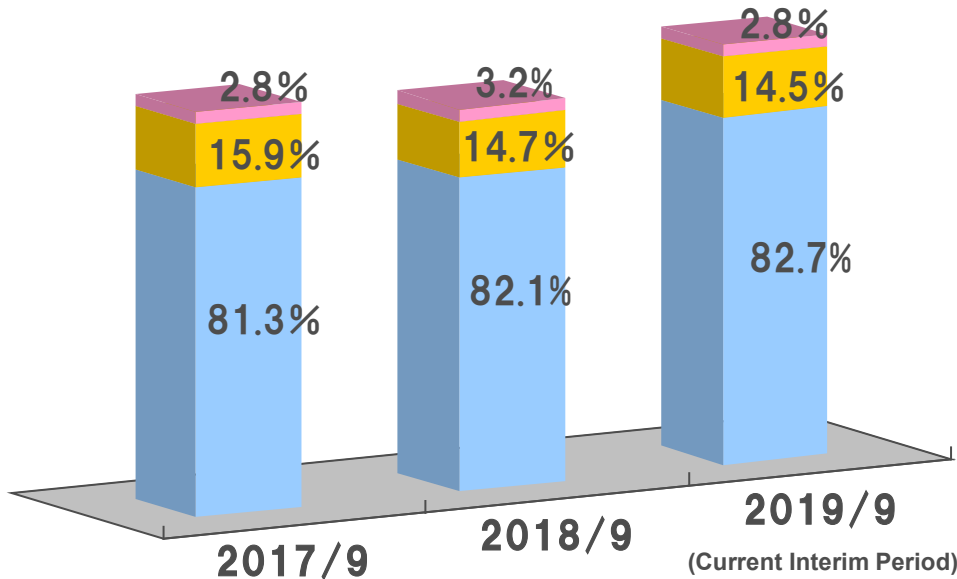
(Units: millions of yen)



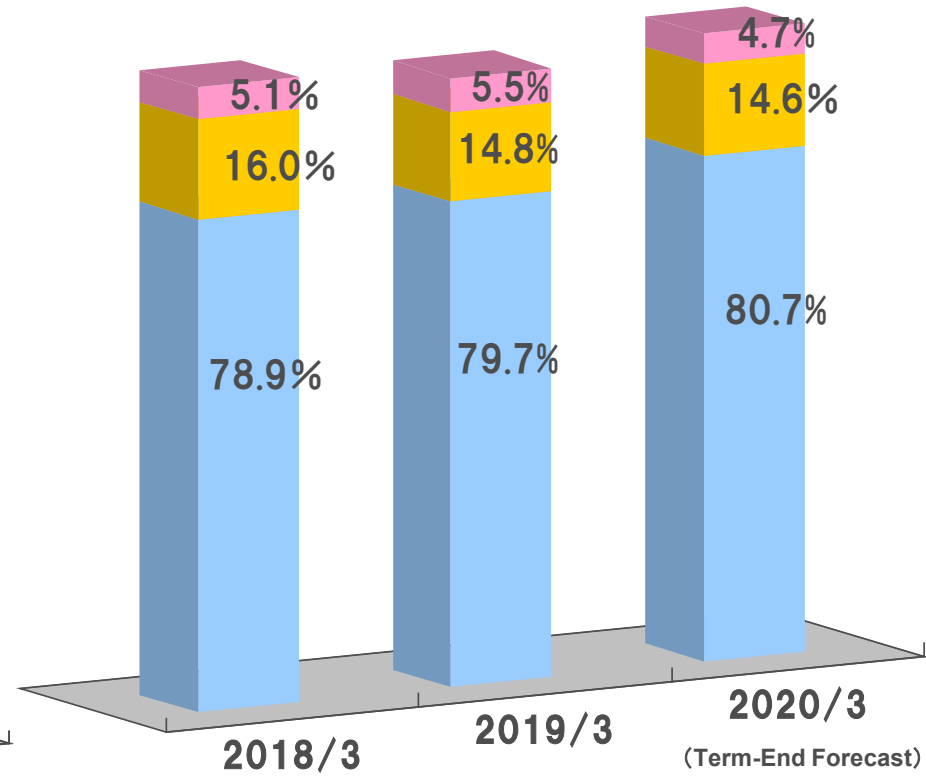
3. Sales Composition ② By Sales Route (Non-Consolidated)

- Direct-Sales (Condominium owners)
- Housing Constructors
- General Routes (Construction Contractors - Home Renovation)

【First-Half Base】



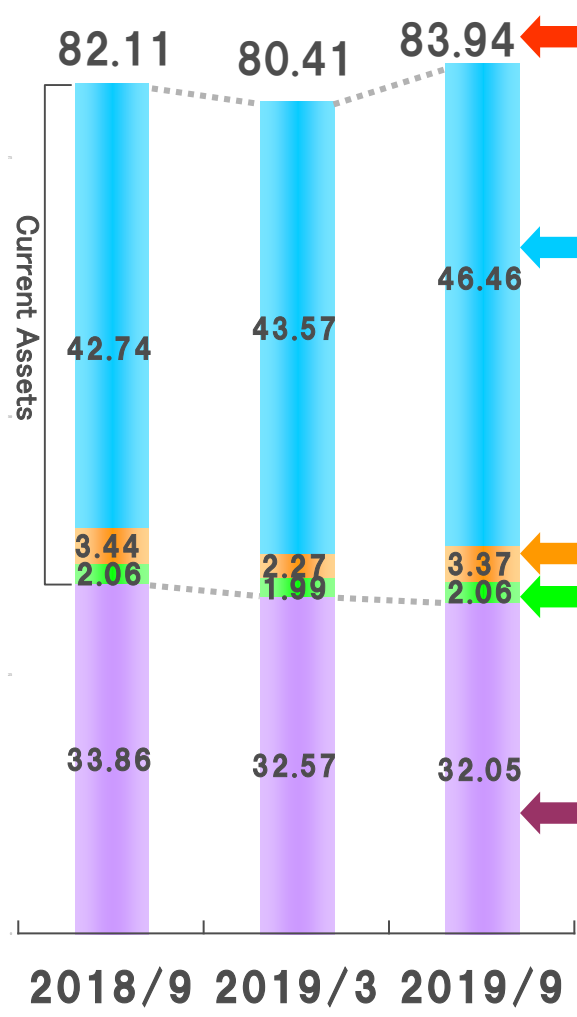
【Full-Term Base】



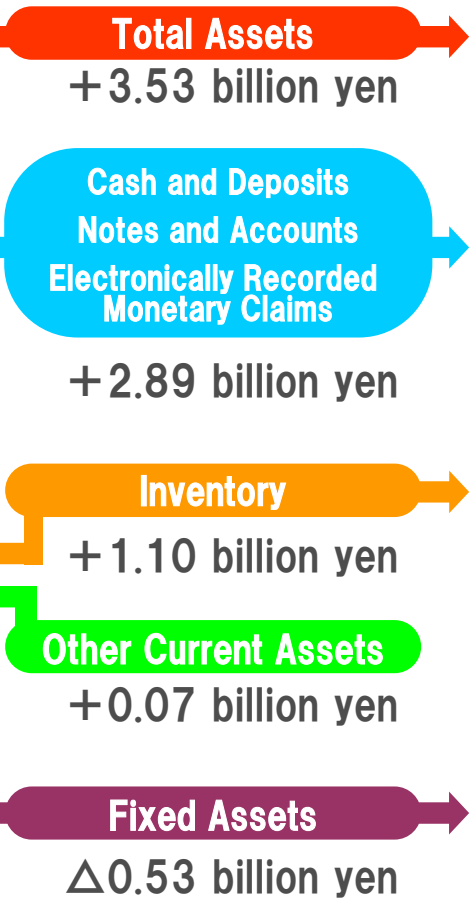
4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

【Assets】



【Increased/Decreased Values】



【 Main Increase/Decrease Factors 】

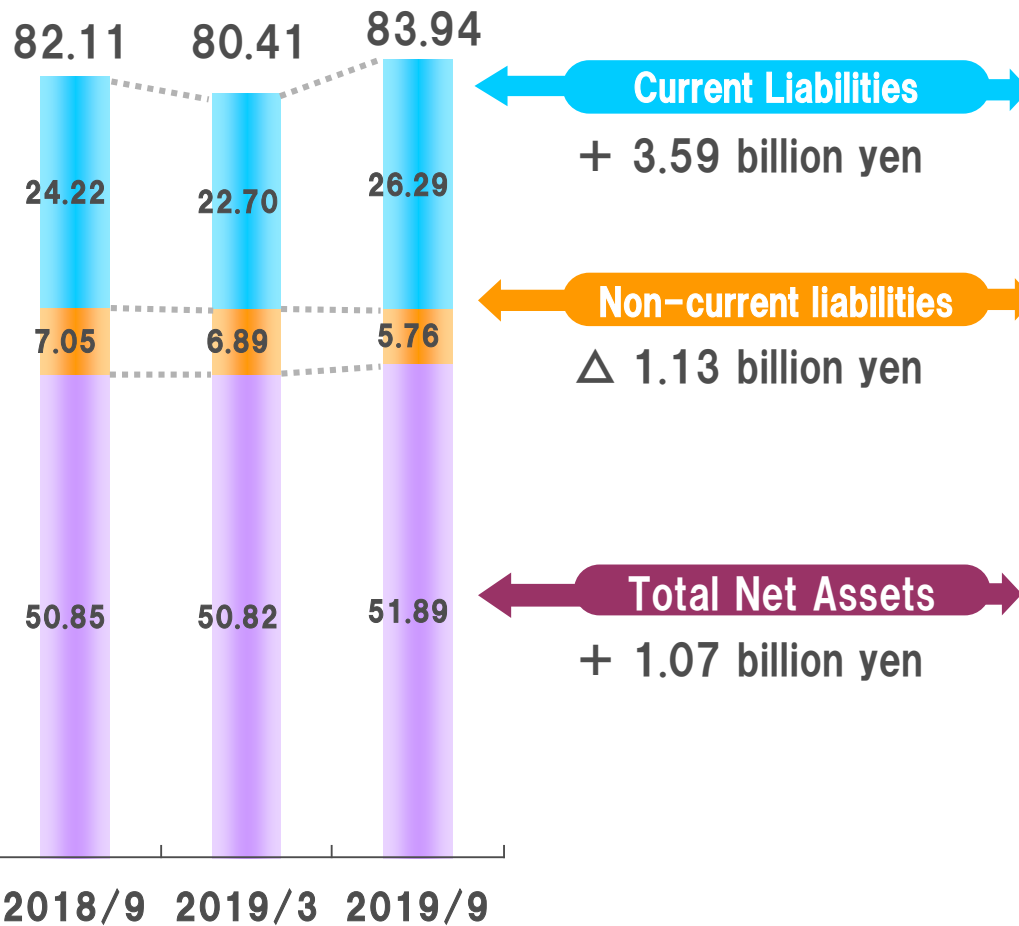
● Current Assets	+ 4,060 million yen
● Fixed Assets	Δ 530 million yen
● Cash and Deposits	+ 2,310 million yen
● Notes and Accounts Receivable	+ 1,370 million yen
● Electronically Recorded Monetary Claims	Δ 790 million yen
● Increase in Merchandise and Finished Goods	+ 1,080 million yen
● Tangible Fixed Assets	Δ 210 million yen
● Intangible Fixed Assets	Δ 130 million yen
● Securities Investments	Δ 190 million yen

4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

【Liabilities・Minority Interests・Assets】

【 Increased/Decreased Values 】



【Primary Reasons for Increase/Decrease】

- Short-term Borrowing + 1,060 million yen
- Electronically Recorded Obligations - Operating + 850 million yen
- Accounts Payable-Trade + 1,010 million yen

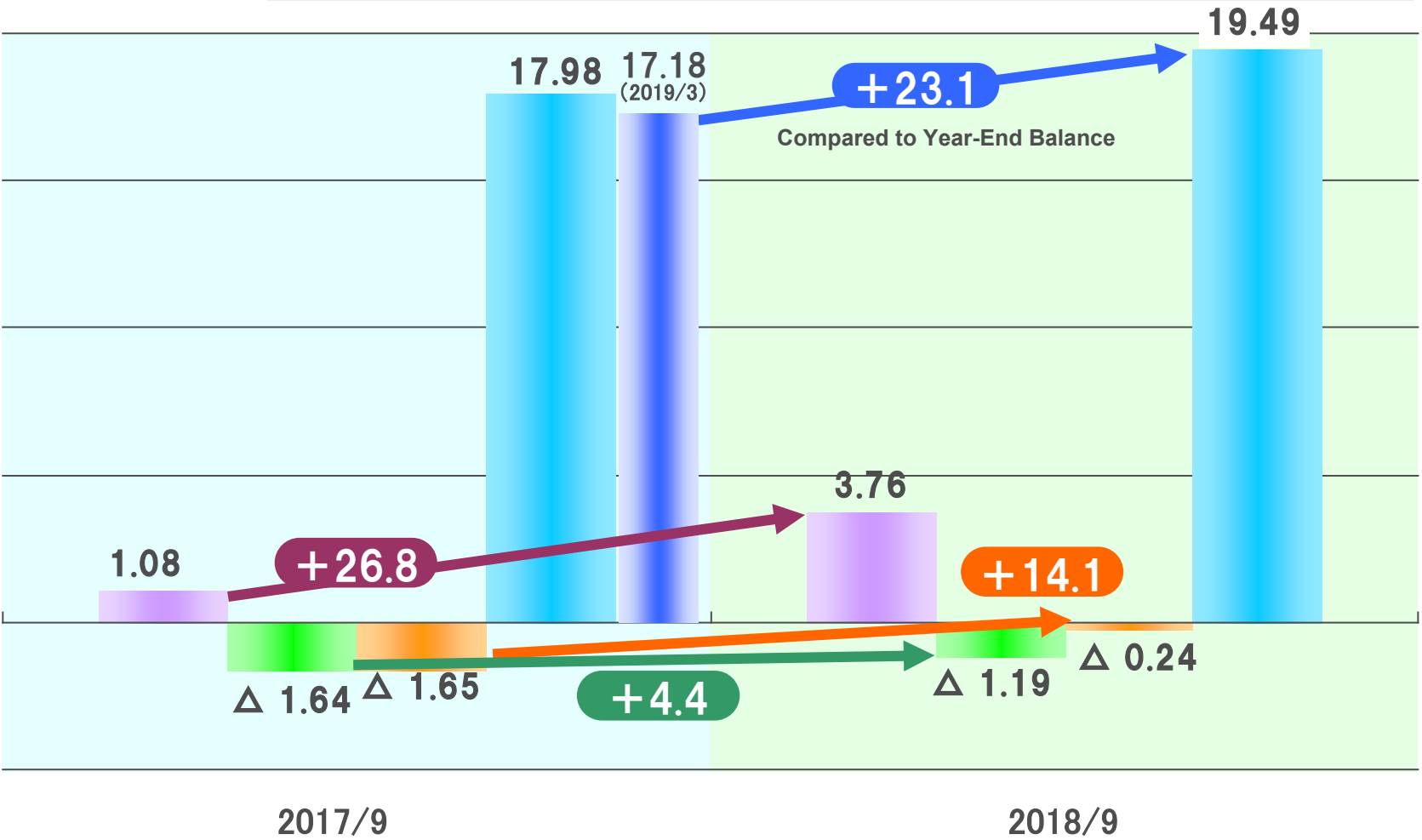
- Long-term Borrowing △ 850 million yen
- Net Defined Benefit Liability △ 200 million yen

- Interim Net Income + 1,570 million yen
- Dividends △ 370 million yen

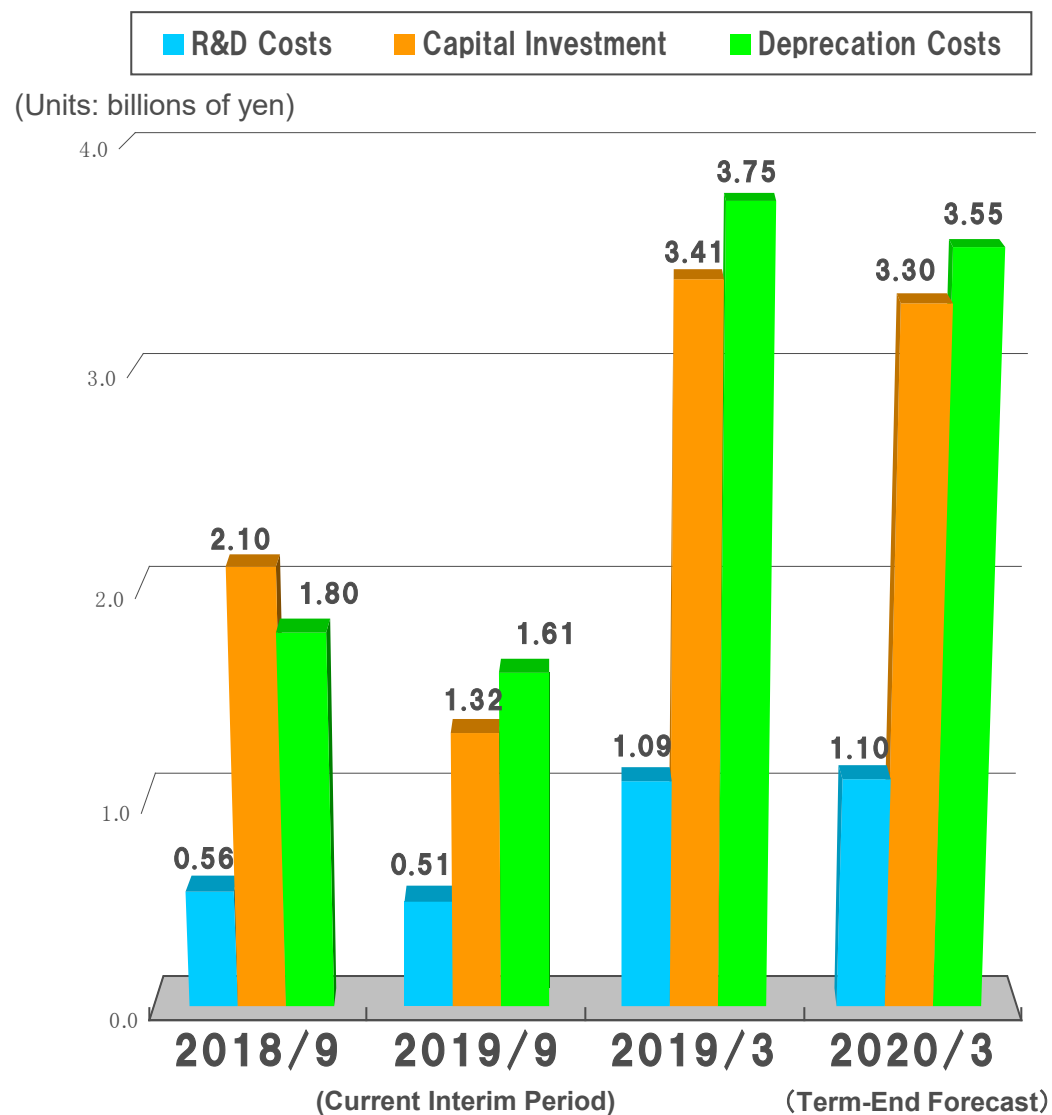
5. Consolidated Cash Flow Statement Summary

(Units: billions of yen)

- Cash Flow from Operating Activities
- Cash Flow from Investing Activities
- Cash Flow from Financing Activities
- Interim (Year-End) Cash & Cash Equivalents Balance



6. Capital Investments (Consolidated)



【FY2019 Major Capital Investment Details】

First-Half Results

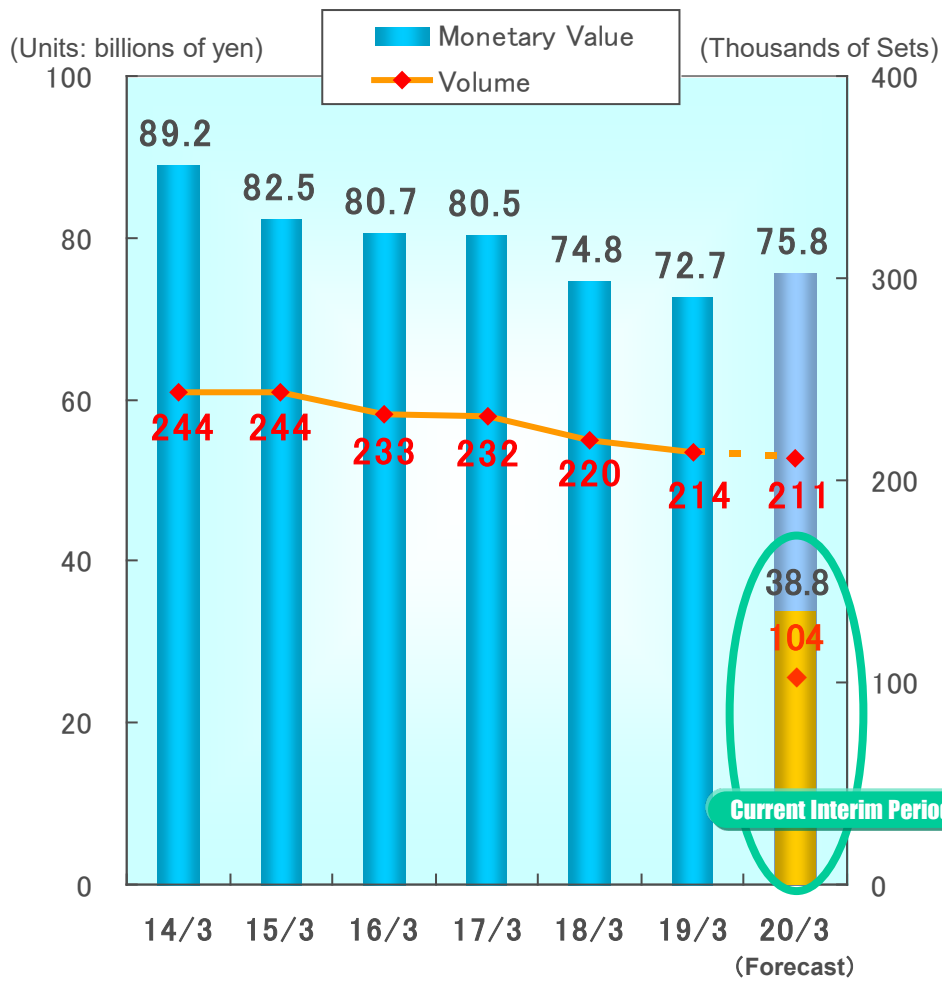
① Production Equipment	420 million yen
② Showroom Renovation	480 million yen
③ Information-Related	270 million yen
④ Others	150 million yen

Second-Half Plans

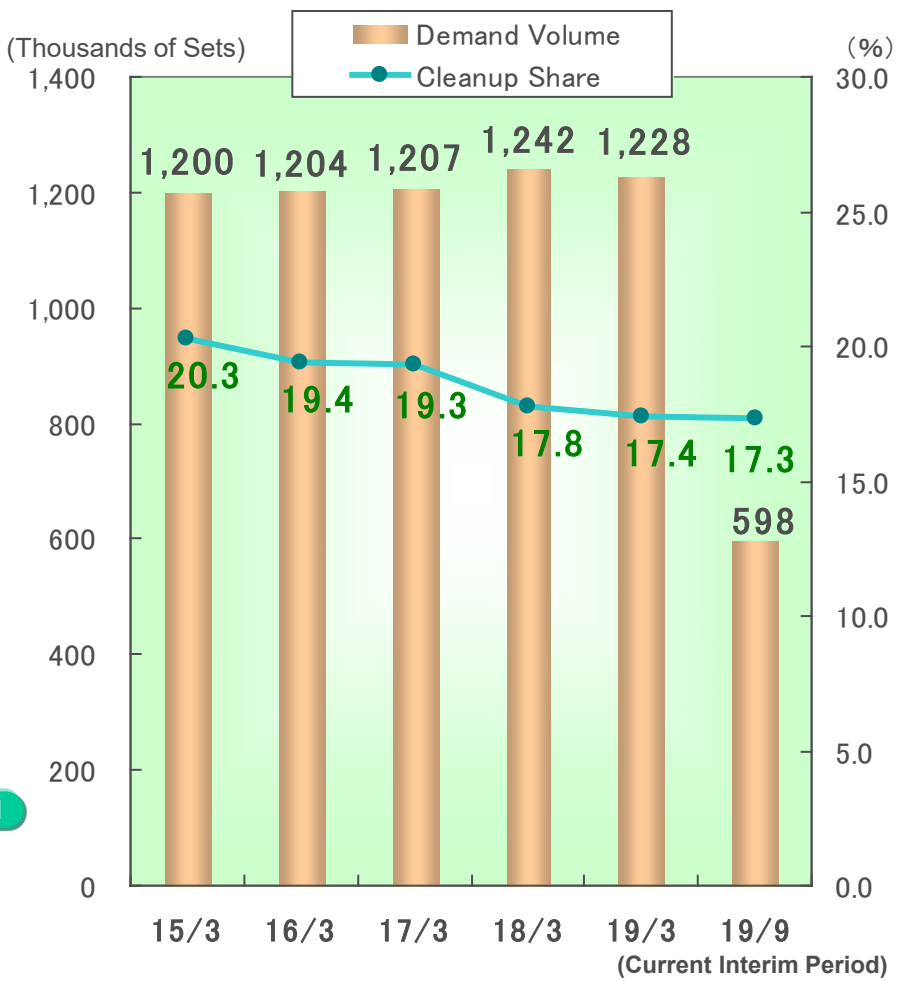
① Production-Related	780 million yen
② Operations-Related	610 million yen
③ Information-Related	550 million yen
④ Others	40 million yen

7. Sales Results For Major Products and Cleanup Market Share - 1/3

Complete System Kitchen Sales Results

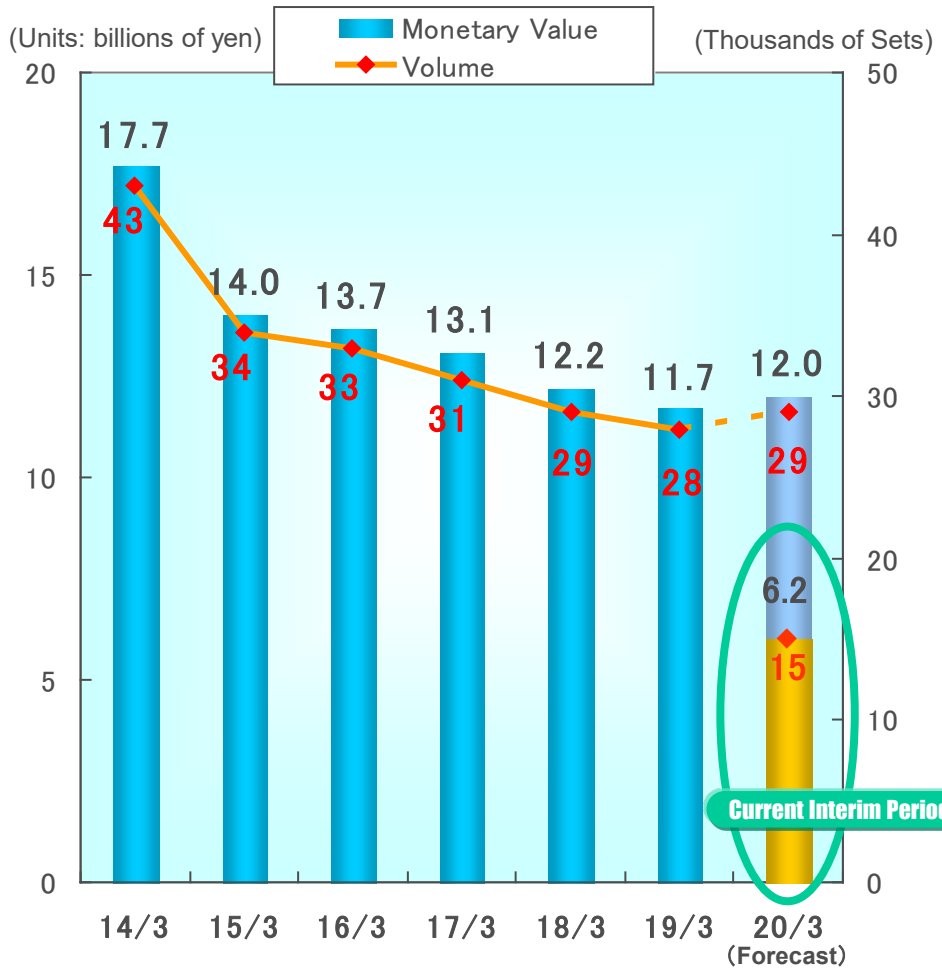


Demand Trends and Market Share

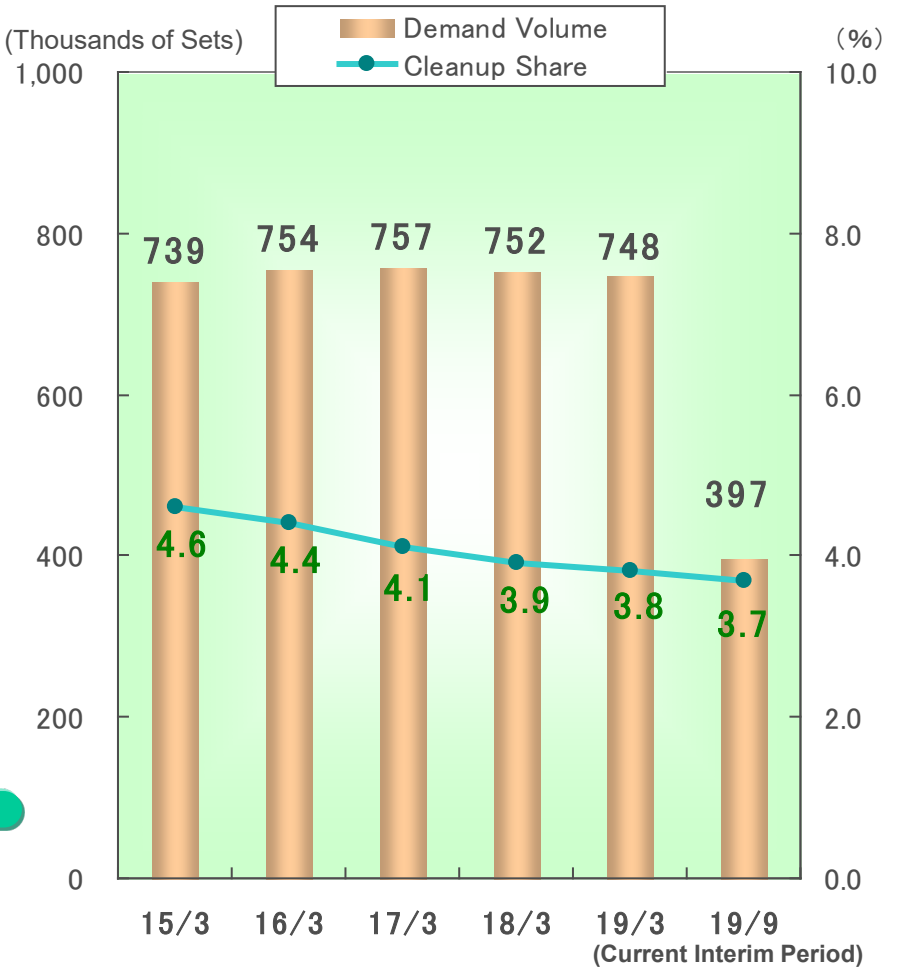


7. Sales Results For Major Products and Cleanup Market Share - 2/3

Modular System Bathroom Sales Results

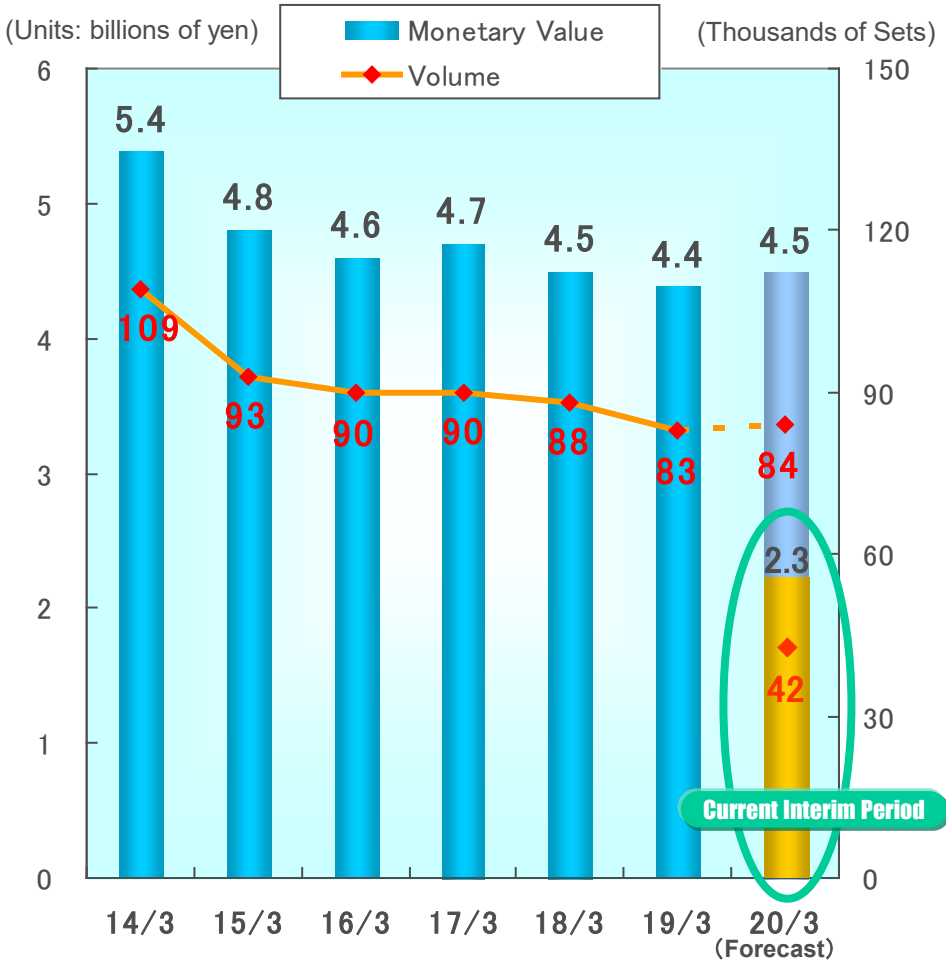


Demand Trends and Market Share

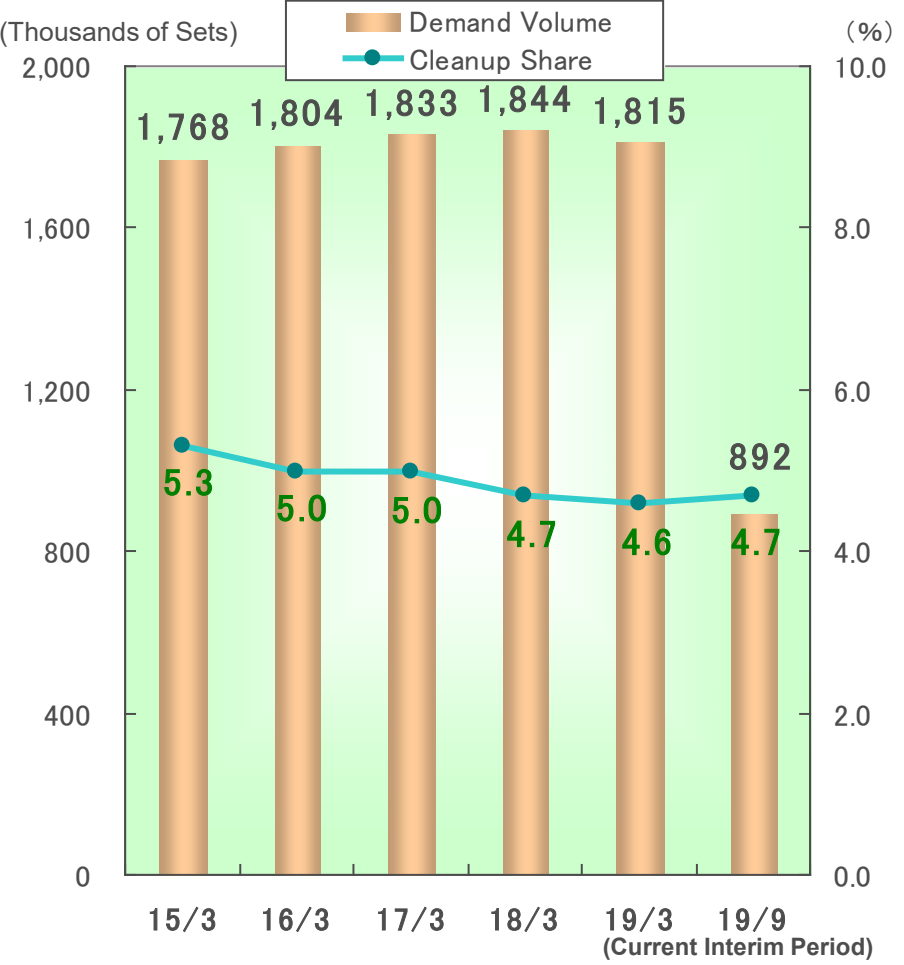


7. Sales Results For Major Products and Cleanup Market Share - 3/3

Washstands/Vanities



Demand Trends and Market Share



8. Forecasted Consolidated Results For The Period Ending March 2020

(Units: millions of yen)

	2019/3 (Actual Results)	2020/3 (Forecast)	Change From Prev. Period
Net Sales	104,486	108,000	+3.4%
Operating Income	△465	2,450	—
Operating Margin	—	2.3%	—
Ordinary Income	△376	2,500	—
Ordinary Income Margin	—	2.3%	—
Profit attributable to owners of parent	△704	1,500	—
Net Income Margin	—	1.4%	—



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II. Future Strategy

Progress of Medium-Term Management Plan

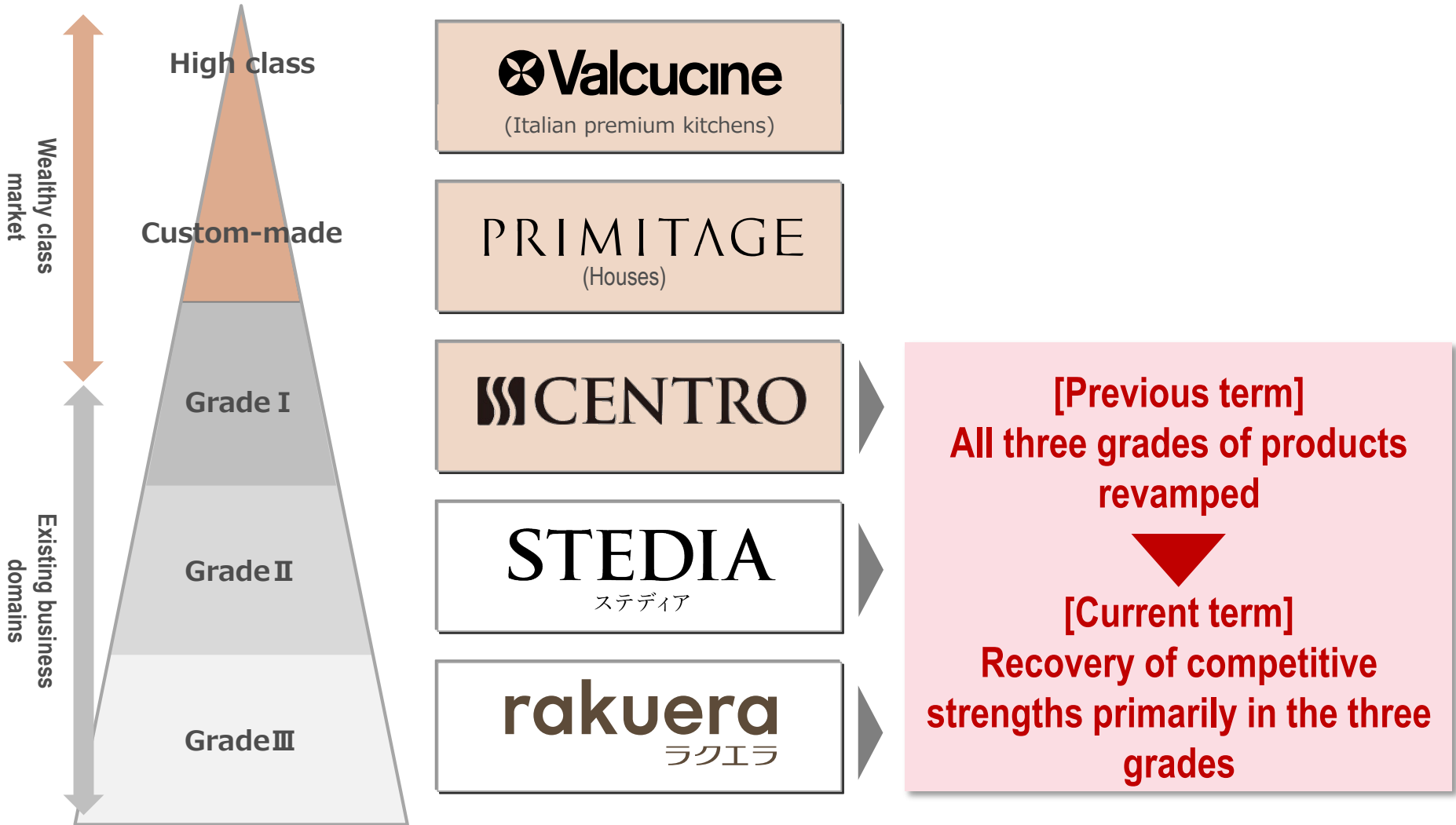
“Reformation to transform into ‘Cleanup’ the lifestyle value creating business”

At Cleanup we aim to become a business that delivers “excitement” to customers around the world and we will continue to always be the business of choice by creating and proposing a “new lifestyle value” for kitchens, dining rooms, living rooms and hygienic spaces, as “kitchen experts”.

Commemorating the 70th anniversary of our establishment, moving forward. At Cleanup we take on the challenging task of “Reformation and Creation”.



Restoring competitive strength by revamping three core grades



Our core brand “STEDIA” exceeds 50,000 units in annual domestic sales thanks to efforts of all stakeholders

STEDIA

ステディア

Second series of television advertisements featuring Ms. Takako Matsu

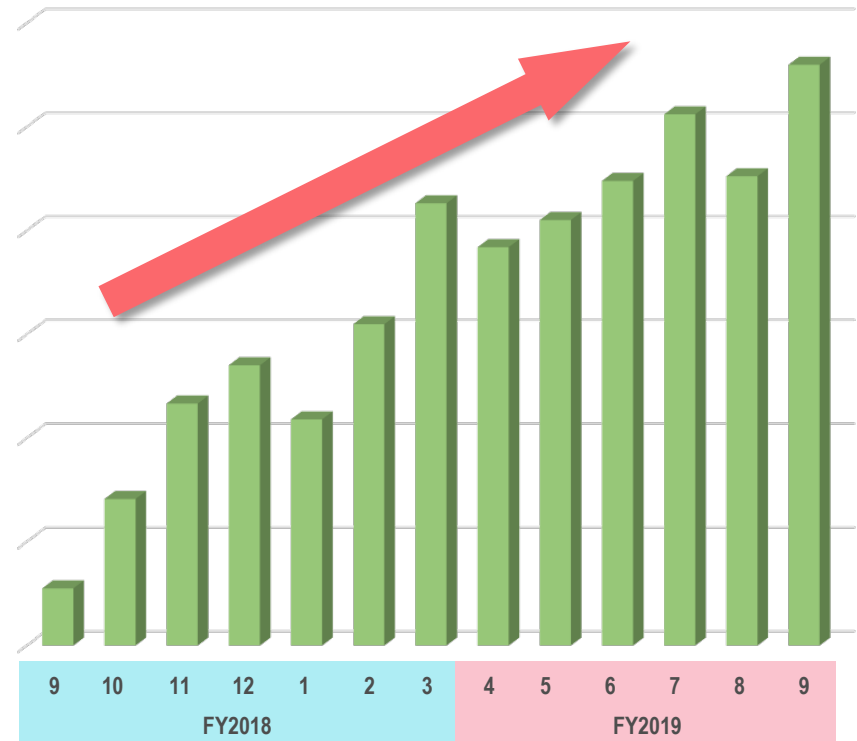
Starting from Thursday, May 16



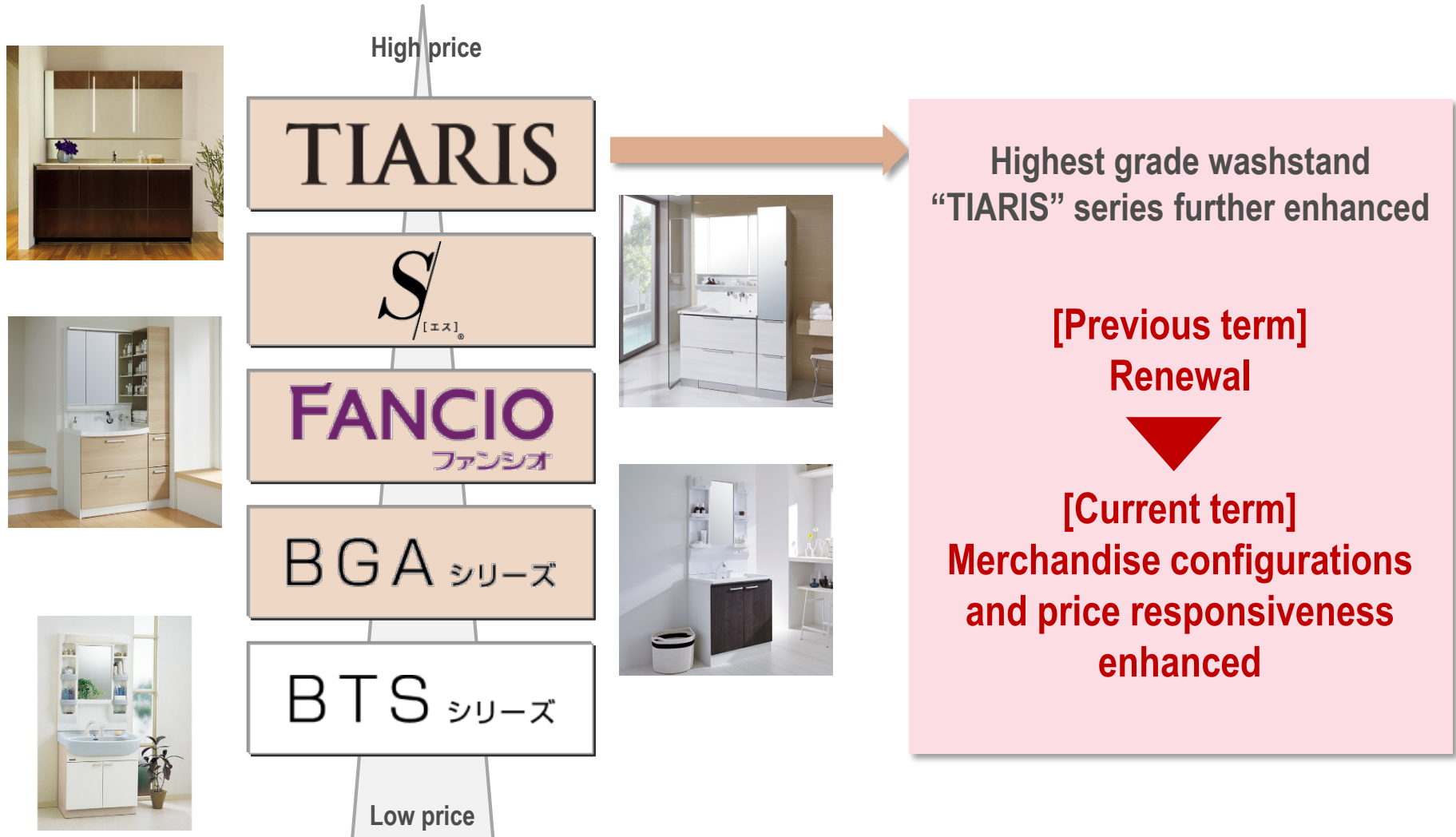
The number of units sold increased following the launch of the product series in September 2018.

The number of units sold is projected to exceed 50,000 within this year (as of December 2019).

Monthly trend of “STEDIA” units sold since launch



Product implementation with four core brands that feature artificial marble bowls



Flagship model “TIARIS” further enhanced

TIARIS

Functionality and beauty are retained however convenience is improved and price variation is broadened



↑
Storage is also substantiated with one-sided bowl counter units
↓

▼
“One-sided bowl counter” is pursued for enhancement of usability

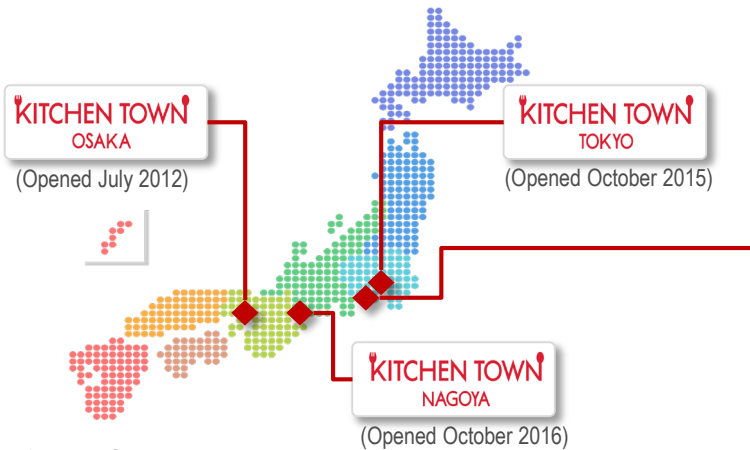


Price variation broadened by giving the choice of including a lower mirror panel and “three-panel resin mirrors”



Photo above depicts new TIARIS without lower mirror panel

Our four flagship organization established with opening of our location in Yokohama

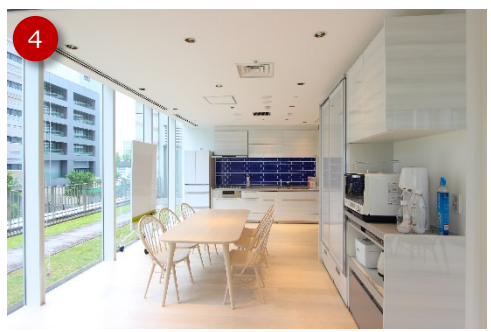


Opened at Minatomirai on June 28



Four Features

- 1** The **“Discovery Walk”** for discovering one’s preferred taste in interior decoration
- 2** The **“My Kitchen Coordination” interior decoration simulation system**
- 3** The **12 sets of “Spacial Proposition Corner”** that offers practical expressions of colors and taste
- 4** The **“Kitchen Studio”** for experiencing the latest kitchen systems and for holding events



3. Sales Strategy (2) Sales Promotional Strategies 1/2

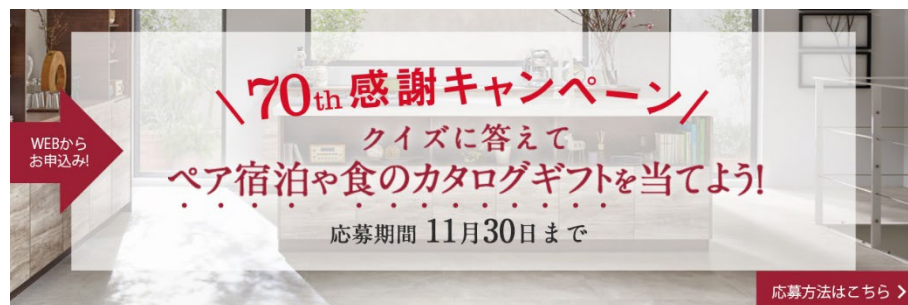
Implementation of “70th Anniversary Customer Appreciation Campaign” with luxurious gifts presented for requesting quotes and signing of sales contract



The “70th Anniversary Customer Appreciation Campaign” conducted from May to November 2019 is to commemorate our 70th year since founding.

Customers asking for quotes on applicable merchandise and signing sales contract are eligible to enter drawings, with such prizes as invitations for accommodation and gifts from the Catalog of Foods, original QUO gift cards, as well as original gift certificates.

* Application period ends November 30.

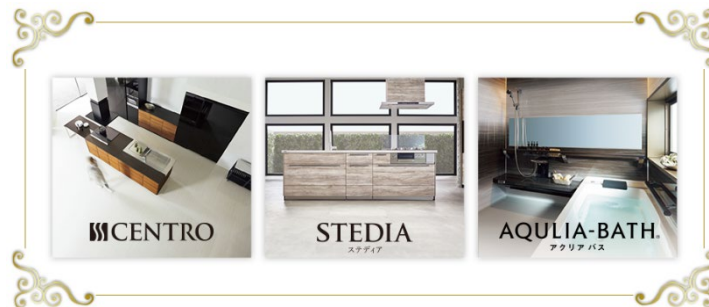


- Quoting Campaign -

- Prize A: Couples accommodation invitation to Tokyo Bay Maihama Hotel Club Resort [Five couples for a total of ten winners each month]
- Prize B: Catalog of Foods gift certificate [30 winners each month]
- Prize C: Original QUO gift card featuring “Ms. Takako Matsu” [60 winners each month]

- Sales Contract Signing Campaign -

- Contract signing: 70,000 yen gift certificate [700 winners in total]
- Double-chance: 30,000 yen gift certificate [200 winners in total]



<https://cleanup.jp/kitchen/70th-campaign/>

Further instillation of vitality for renovation business: Triggering demand through events and contests.



- Sales fairs and events held nationwide, while aggressively promoting information exchange meetings.
- Renovation demand triggered in collaboration with distribution partners



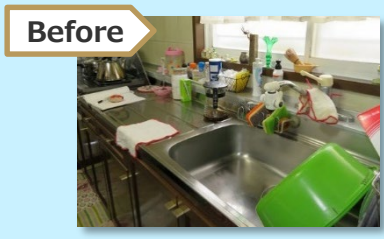
第2回
いいね♡が見つかる!
水まわり工房
事例写真コンテスト

Case example photo contest voting period

November 2019 to end January 2020

Purpose

- Further enhancement of customer contacts on the internet.
- Enhancement of public relations toward members of the Water Section Workshops.



4. Growth Strategy (1) Expansion of Overseas Business Operations

- ◆ Expanding sales of system kitchens, primarily in nations of Asia.
- ◆ Enhancing supply framework overseas.

- **China**
 - Kitchen products and the like to be supplied to major house manufacturers (Suzhou, Taicang, etc.).
 - Sales to be made to Japanese developers, while enhancing collaboration with distributors.
- **Taiwan**
 - Sales activities to capture properties and expand sales areas.
 - Enhance support for distributors and sales to major developers.
- **Singapore, Malaysia, Thailand and Vietnam**
 - Make inroads to core markets in ASEAN countries, collaborating with designers and local distributors, while enhancing marketing efforts to major developers.
- **Other parts of Asia**
 - Establish distributors at major nations and implement marketing primarily to wealthy population.



Taiwan exhibit



Deliveries in Taiwan



Deliveries in Malaysia



Deliveries in Vietnam



Deliveries in China

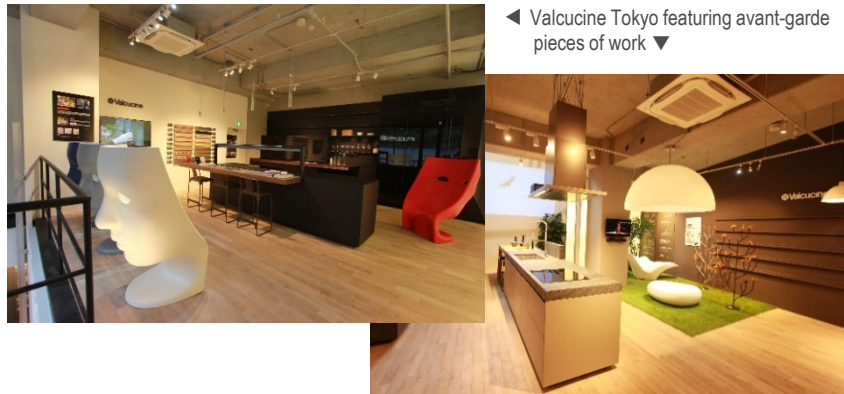
Kitchen business targeting wealthy population, collaborating with players of other industries from overseas to promote dining business



“Valcucine”, a superior kitchen brand from Italy, arrived in Japan in 2017.

As a member of the “Italian Creation Group”, which is the top brand group in Italy, we started exhibiting “Driade” furniture and “Fontana Arte” lighting of the group at Valcucine Tokyo.

Additional design and art-oriented events were held to market our product appeal to a broader range of clientele.



◀ Valcucine Tokyo featuring avant-garde pieces of work ▼

Main exhibiting events

- DESIGNART TOKYO2019 (October 18 to 27)
- ELLE DÉCOR DESIGNWALK2019 (October 23 to November 4)



Collaborating with Hida Sangyo, a long-established furniture manufacturer to create new spaces for living and dining rooms, as well as kitchens.



Concept ▶ Aiming to achieve space created by reconstructing elements and functions of the living room, the dining room and the kitchen respectively, in a practical manner in combination with a modern lifestyle in the belief of “conserving energy for housework and living a stress free life”.

Products ▶ Beautiful natural wood (white oak) used to create a product line that includes “kitchen tables”, “storage carts”, “dining sets” and “peripheral storage”.

Official website ▶ <https://hiromastyle.jp/>

Main exhibiting events

- DESIGNART TOKYO2019 (October 18 to 27)
- IFFT/Interior Lifestyle Living (November 20 to 22)

Tools commemorating “70th Anniversary of Founding” implemented in a strategic manner



◀ The “70th Anniversary of Establishment of Commemorative Website” created

- A message incorporating our gratitude to stakeholders for celebrating the 70th anniversary of our foundation.
- Our sentiments incorporated in our corporate emblem.
- Merchandise gallery: Introduction of first in the industry merchandise we have brought forth so far, as well as transitions made, etc.



◀ An A4 size booklet issued, “filled with our gratitude over 70 years”

Distributed to all shareholders

ESG of Cleanup

Sustainability Report 2019

Introduce our activities for a sustainable society, viewed from the perspective of ESG (Environment, Society and Governance)

- The “Environmental Report” issued annually since 2005



- The name of the publication was changed to “Social and Environmental Report” in 2017, to include our social activities as well.



- The report will be issued as a more substantial “Sustainability Report 2019” this year.



Featured on our website
https://cleanup.jp/life_cycle/

Sports Developmental promotions

Cleanup Wrestling Club

Hiroe Minagawa wins a silver medal at the “World Wrestling Championships”
Unofficially selected to represent Japan at the Tokyo 2020 Summer Olympic Games!



The “2019 World Wrestling Championships” is a preliminary screening competition for representation at the Tokyo 2020 Olympic Games.

- Convened period: September 14 to 22, 2019
- Venue site: Nur-Sultan, Kazakhstan

Wrestling Club
Hiroe Minagawa, wrestler
(Women’s 76-kg class)