



キッチンから、笑顔をつくろう

Presentation Material:
Announcement of FY 2015 Interim Results

November 11, 2015



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I . Interim Results Outline

1. Outline of Consolidated Results for Interim Period Ended September 2015

(Units: millions of yen)

	2015/9 (Actual Results)	2014/9 (Actual Results)	<i>Change From Prev. Period</i>	2015/9 (Previous Forecast)	<i>Compared To Revised Plan</i>
Net Sales	56,393	60,377	<i>△6.6%</i>	58,000	<i>△2.8%</i>
Operating Income	398	2,517	<i>△84.2%</i>	890	<i>△55.3%</i>
Ordinary Income	276	2,316	<i>△88.1%</i>	710	<i>△61.1%</i>
Profit attributable to owners of parent	83	725	<i>△88.5%</i>	370	<i>△77.6%</i>
Interim Net Income Per Share	2.01yen	16.78yen	<i>△88.0%</i>	8.90	<i>△77.4%</i>

* Previous Forecast: Announced May 11, 2015

2. Consolidated Profits ① Net Sales, Gross Profit

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】

60.37

56.39

Net Sales

△3.98 billion yen

- System Kitchens △3,660 million yen
- System Bathrooms △ 230 million yen
- Washstands/Vanities △ 250 million yen

39.64

37.98

Cost of Sales

△1.66 billion yen

- Decrease Due to Decreased Net Sales △ 2,620 million yen
- Increase Due to Increased Cost of Sales Ratio + 960 million yen

(65.7)

(67.4)

Cost of Sales Ratio

+ 1.7%

- Increase in S.S., CLEANLADY Cost Ratio + 0.1 point
- Increase in RAKUERA Cost of Sales Ratio + 0.3 point
- Decrease in System Bathrooms Cost of Sales Ratio △ 0.0 point
- Supply segment + 0.4 point
- Increase in Price of Raw Materials + 0.3 point
- Cost Decrease + 0.6 point

20.74

18.41

Gross Profit

△2.32 billion yen

- Decrease Due to Decreased in Net Sales △ 1,360 million yen
- Decrease in Gross Profit Ratio △ 960 million yen

(34.3)

(32.6)

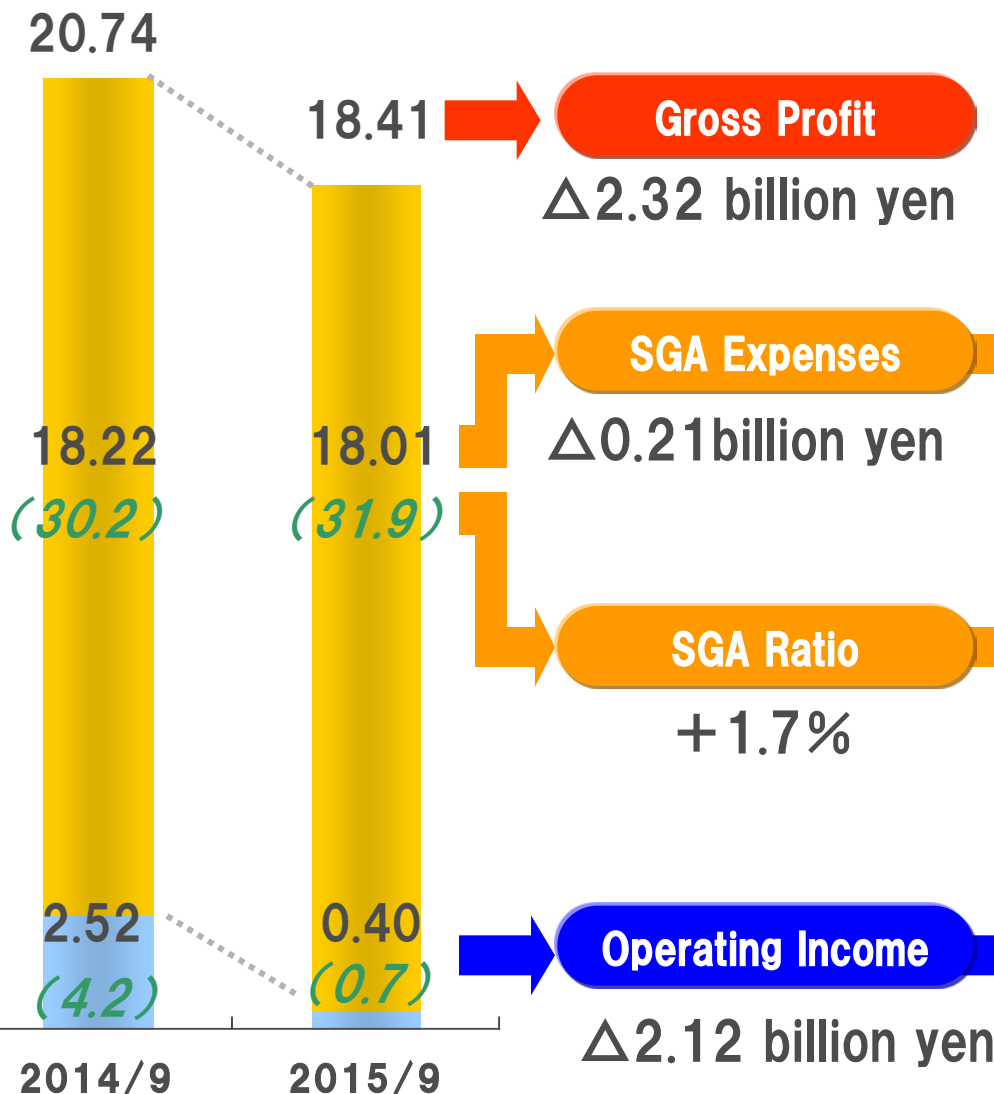
2014/9

2015/9

2. Consolidated Profits ② SGA Expenses, Operating Income

(Units: billions of yen)

【Increased/Decreased Values (Rates)】



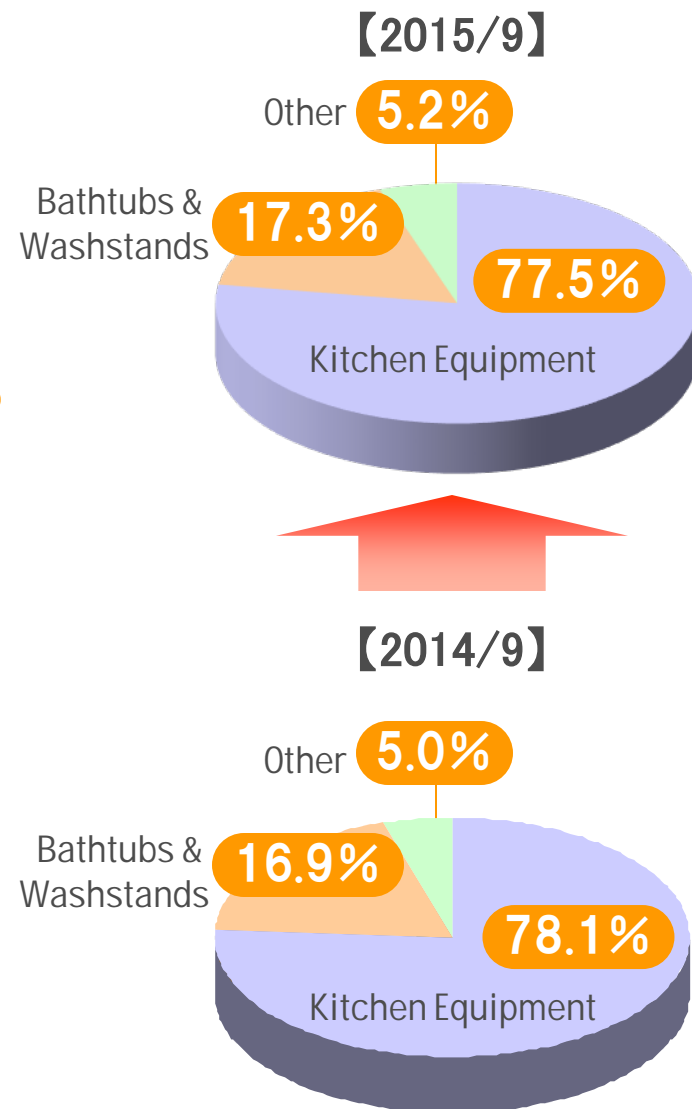
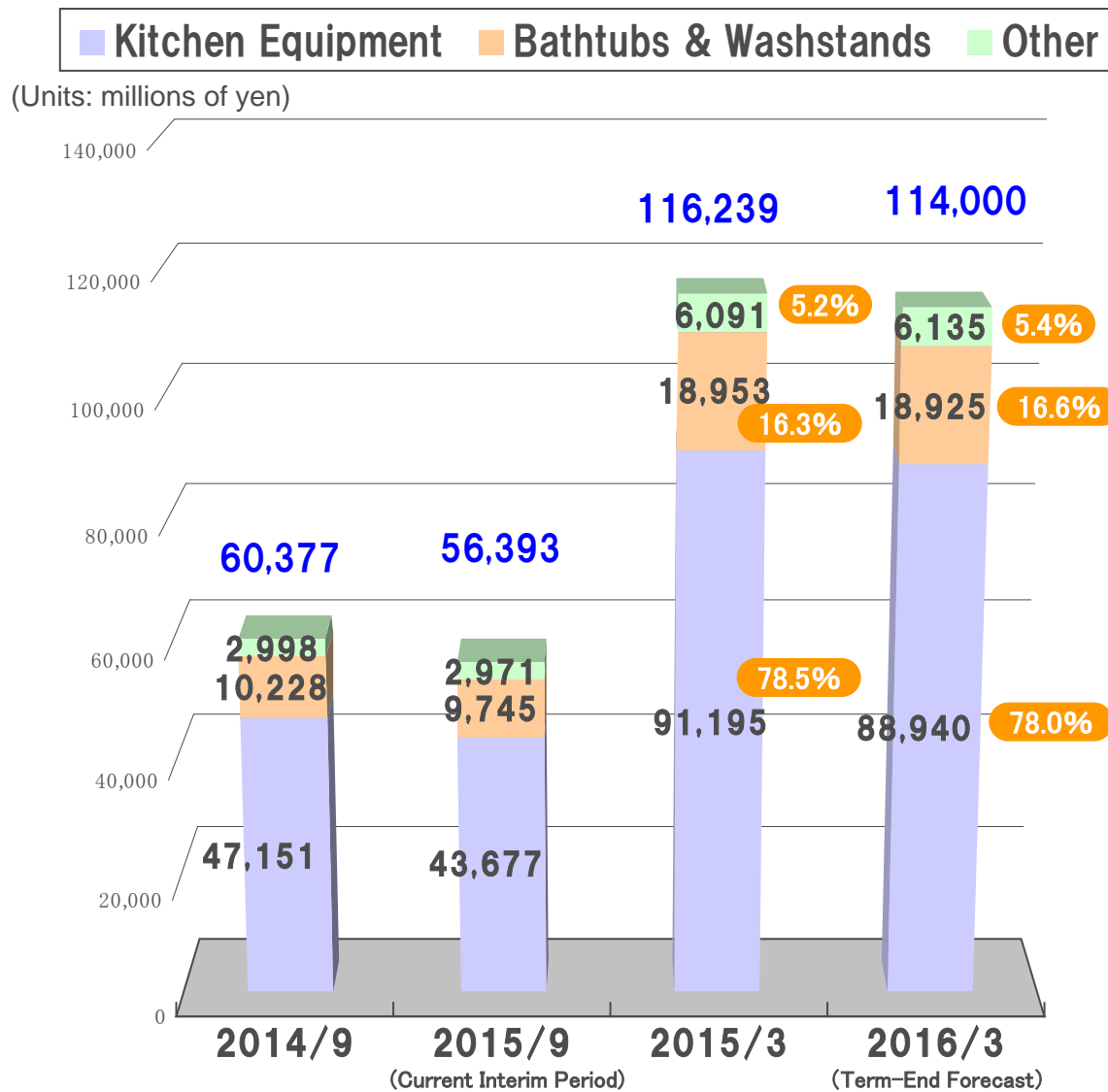
【 Main Increase/Decrease Factors 】

● Sales Expenses	+ 180 million yen
● Distribution Expenses	Δ 350 million yen
● Personnel Expenses	Δ 210 million yen
● Administrative Expenses	+ 170 million yen

● Sales Expenses	+ 0.6 points
● Distribution Expenses	Δ 0.2 points
● Personnel Expenses	+ 0.6 points
● Administrative Expenses	+ 0.9 points

● Decrease in Gross profit	Δ 2,320 million yen
● Change in SGA Expenses	+ 210 million yen

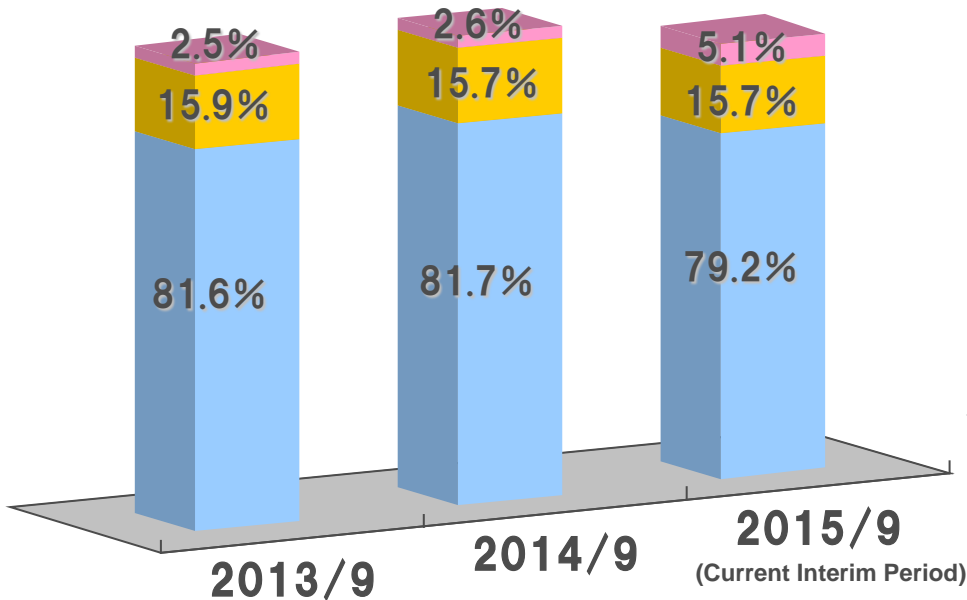
3. Sales Composition ① By Segment (Consolidated)



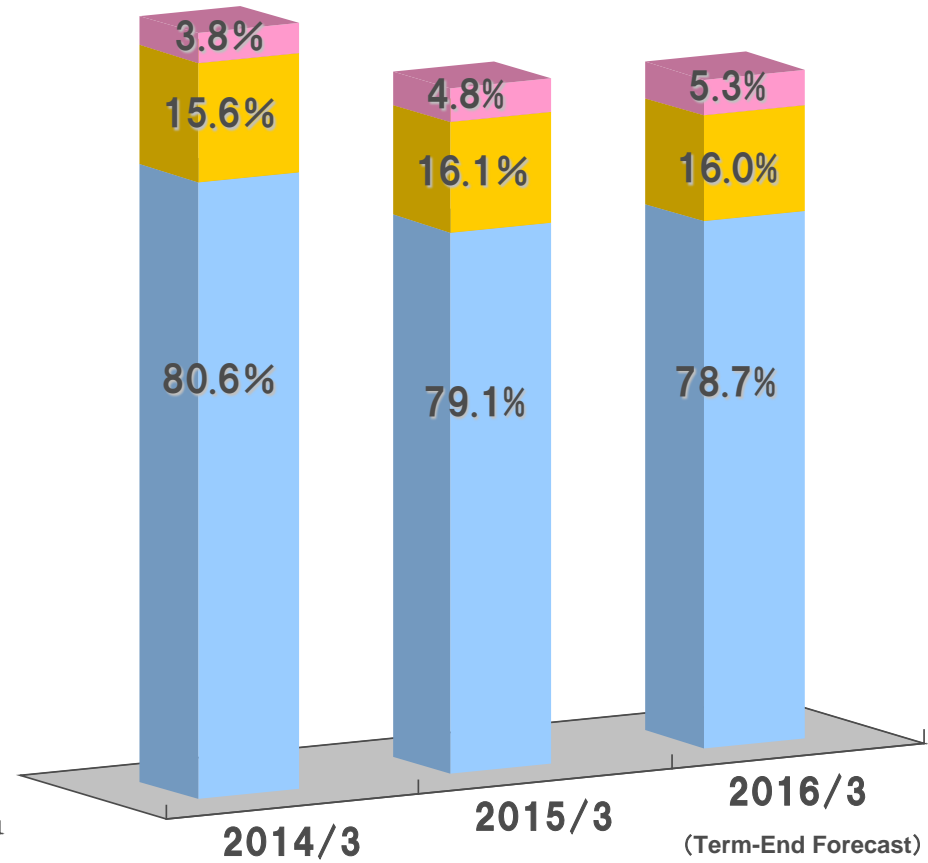
3. Sales Composition ② By Sales Route (Non-Consolidated)

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

【First-Half Base】



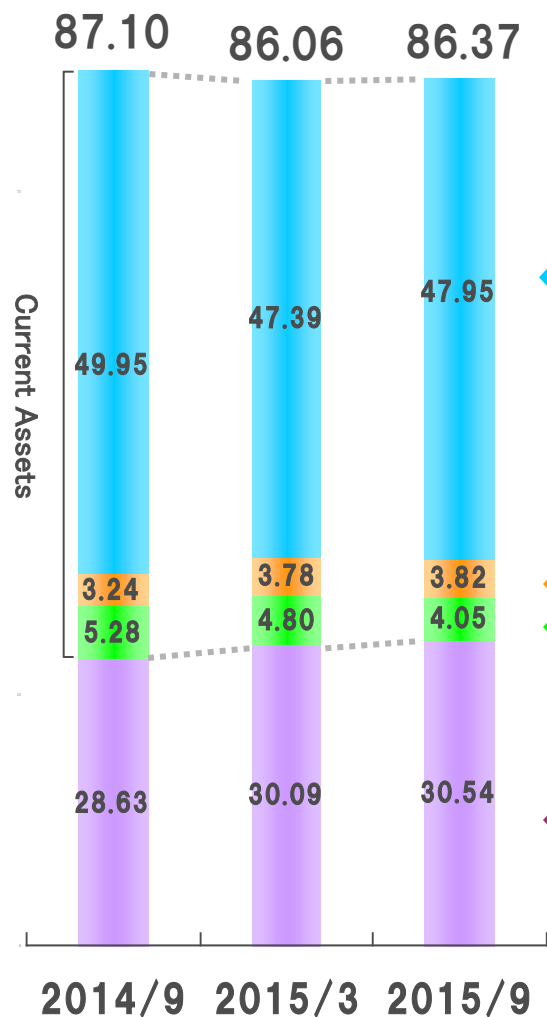
【Full-Term Base】



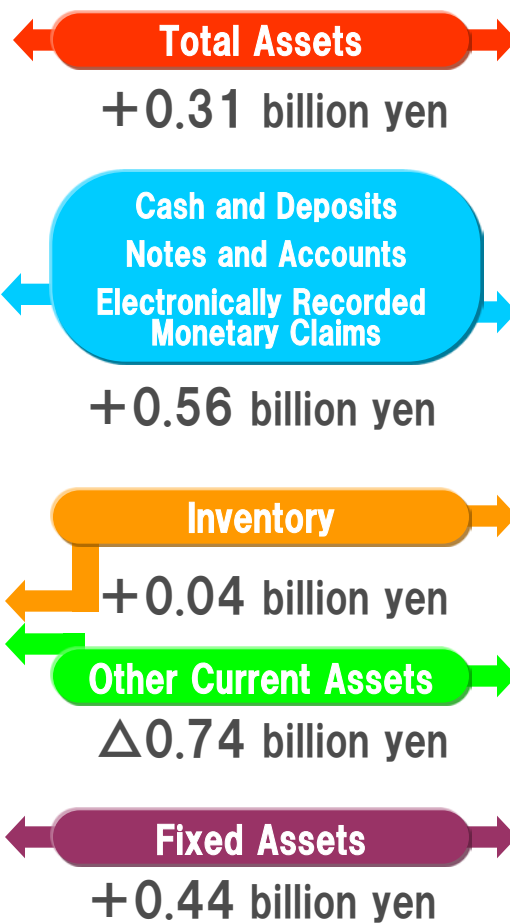
4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

【Assets】



【Increased/Decreased Values】



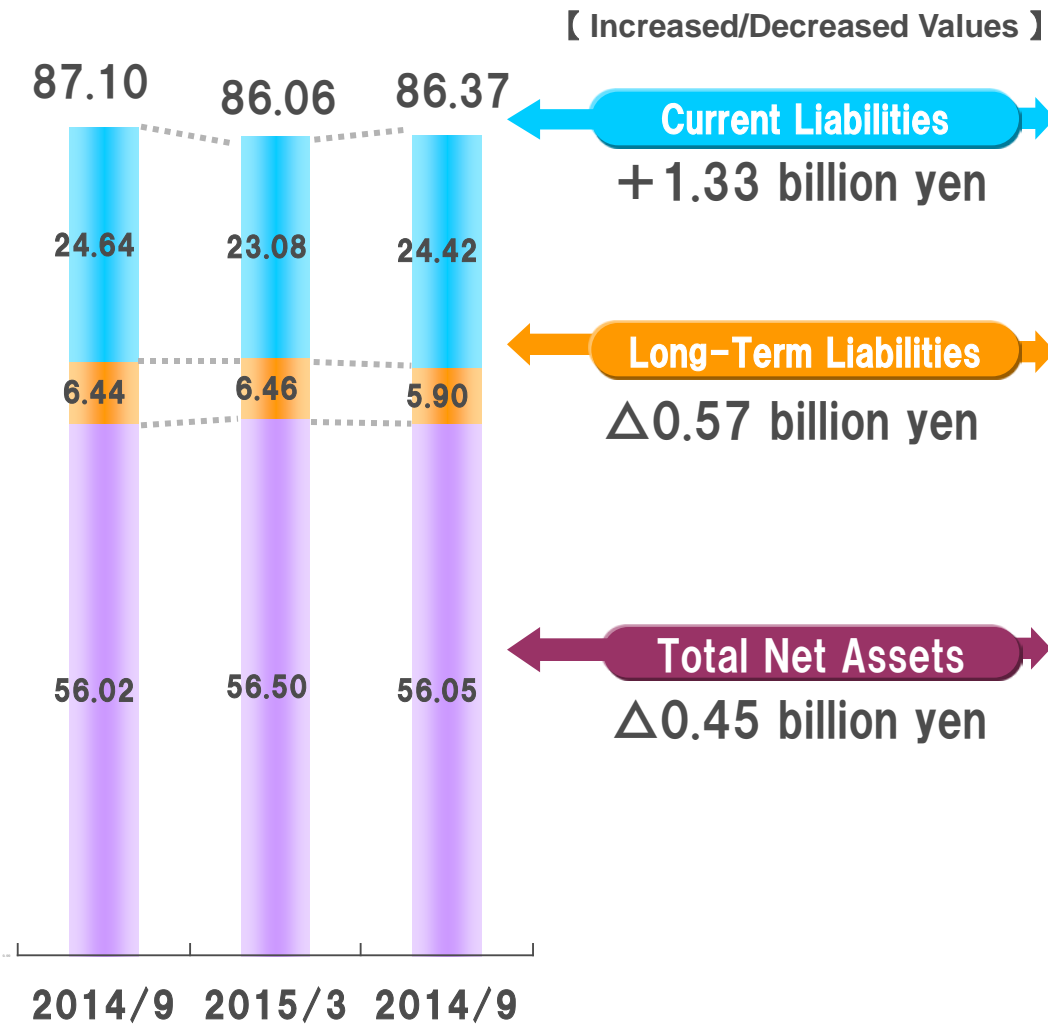
【 Main Increase/Decrease Factors 】

● Current Assets	△ 130 million yen
● Fixed Assets	+ 440 million yen
● Cash and Deposits	+ 790 million yen
● Notes and Accounts Receivable	+ 130 million yen
● Electronically Recorded Monetary Claims	△ 360 million yen
● Increase in Direct-Sales Inventory (Overseas)	
● Decrease in Securities	△ 700 million yen
● Tangible Fixed Assets	+ 500 million yen
● Intangible Fixed Assets	+ 180 million yen
● Securities Investments	△ 230 million yen

4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

【Liabilities・Minority Interests・Assets】



【Primary Reasons for Increase/Decrease】

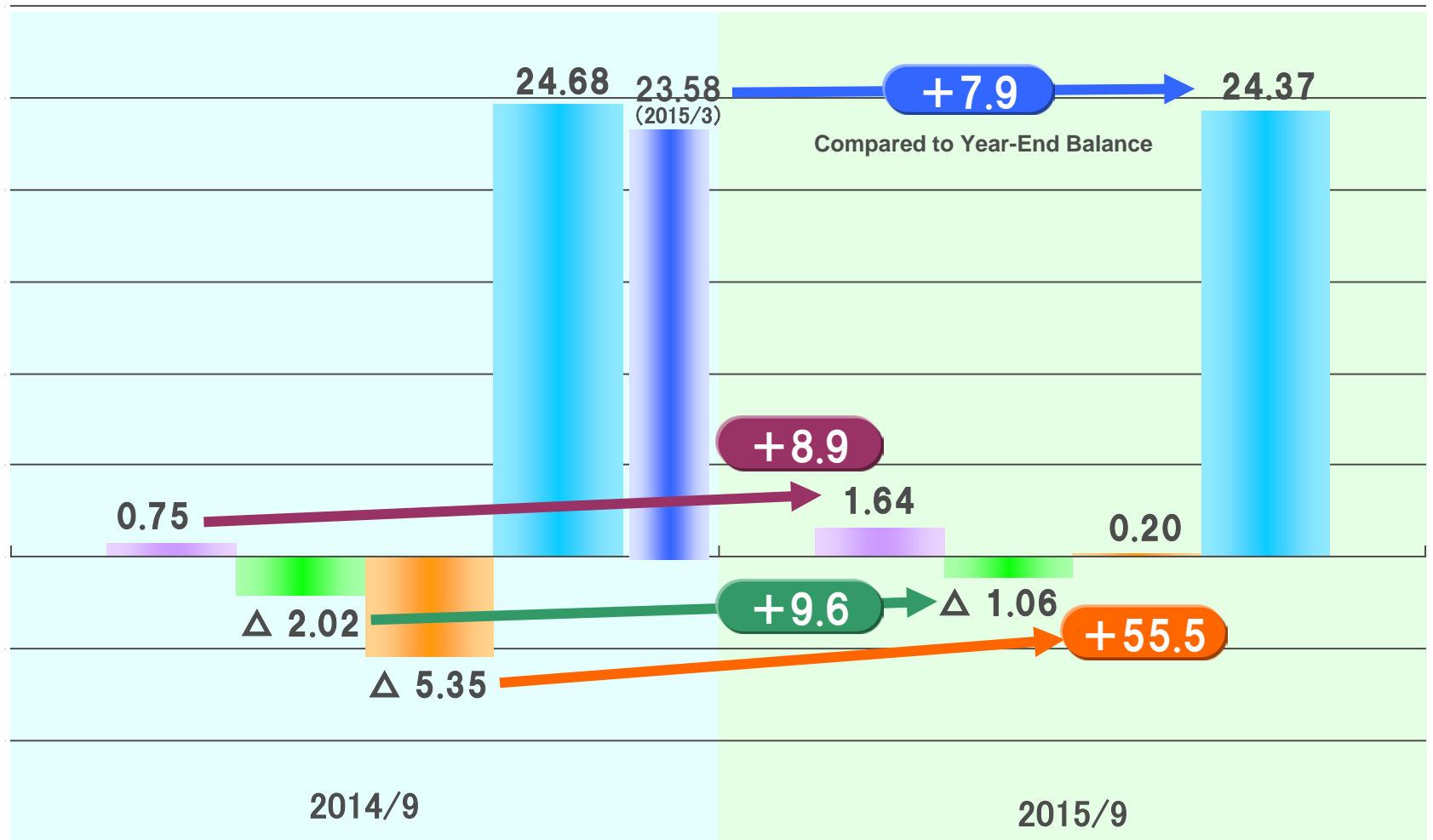
● Short-term Borrowing	+1,170 million yen
● Accounts Payable-Trade	Δ 150 million yen
● Accounts Payable-Other	+610 million yen

● Long-term Borrowing	Δ 500 million yen
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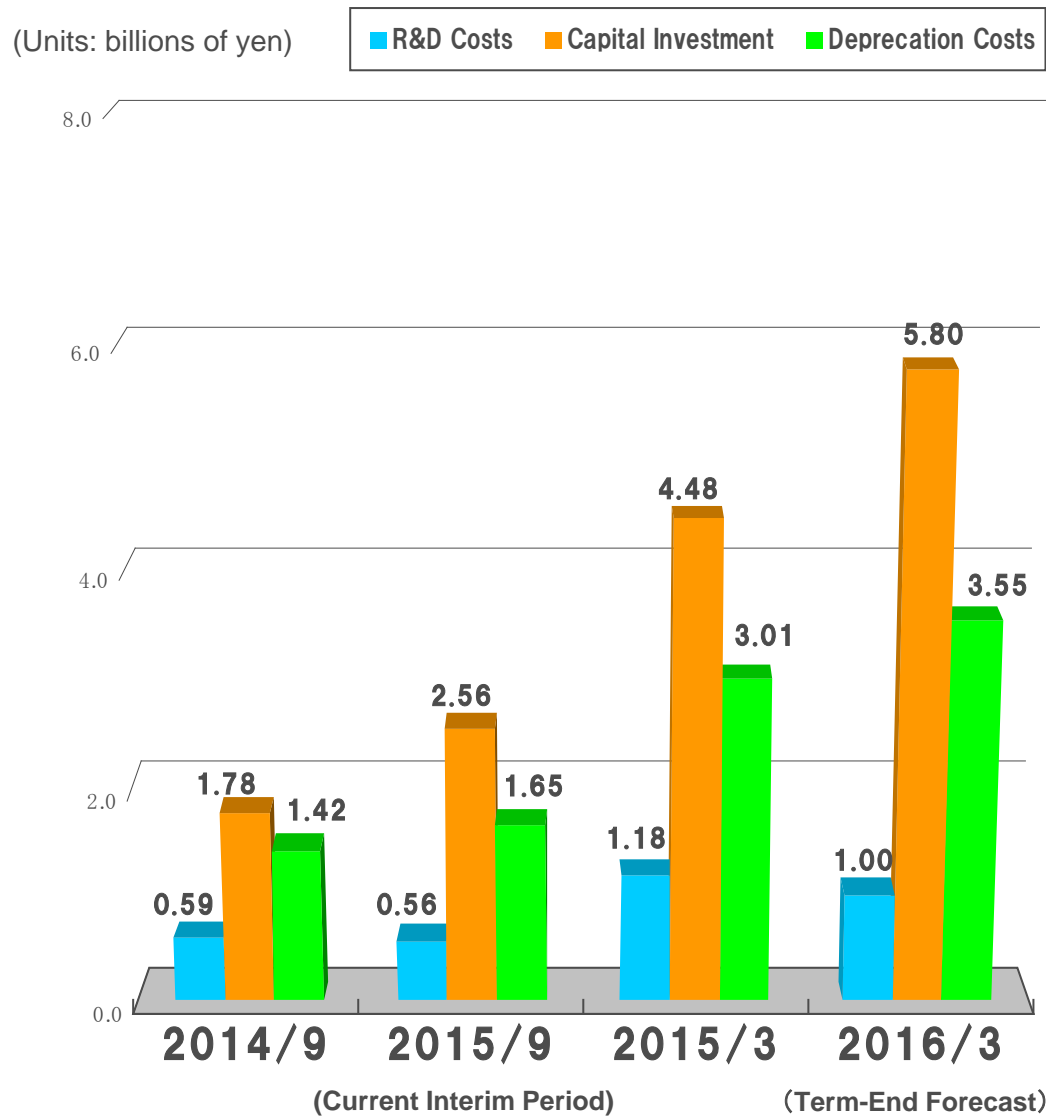
● Interim Net Income	+ 80 million yen
● Dividends	Δ 420 million yen
● Decrease in Valuation difference on available-for-sale securities	Δ 100 million yen

5. Consolidated Cash Flow Statement Summary

(Units: billions of yen)



6. Capital Investments (Consolidated)



【FY2015 Major Capital Investment Details】

First-Half Results

- ① Production Equipment 1,040 million yen
- ② Showroom Renovation 860 million yen
- ③ Information Investment 530 million yen
- ④ Others 130 million yen

Second-Half Plans

- ① Production-Related 1,550 million yen
- ② Operations-Related 790 million yen
- ③ Information-Related 820 million yen
- ④ Others 80 million yen

7. Outline of Non-Consolidated Results for Interim Period Ended September 2015

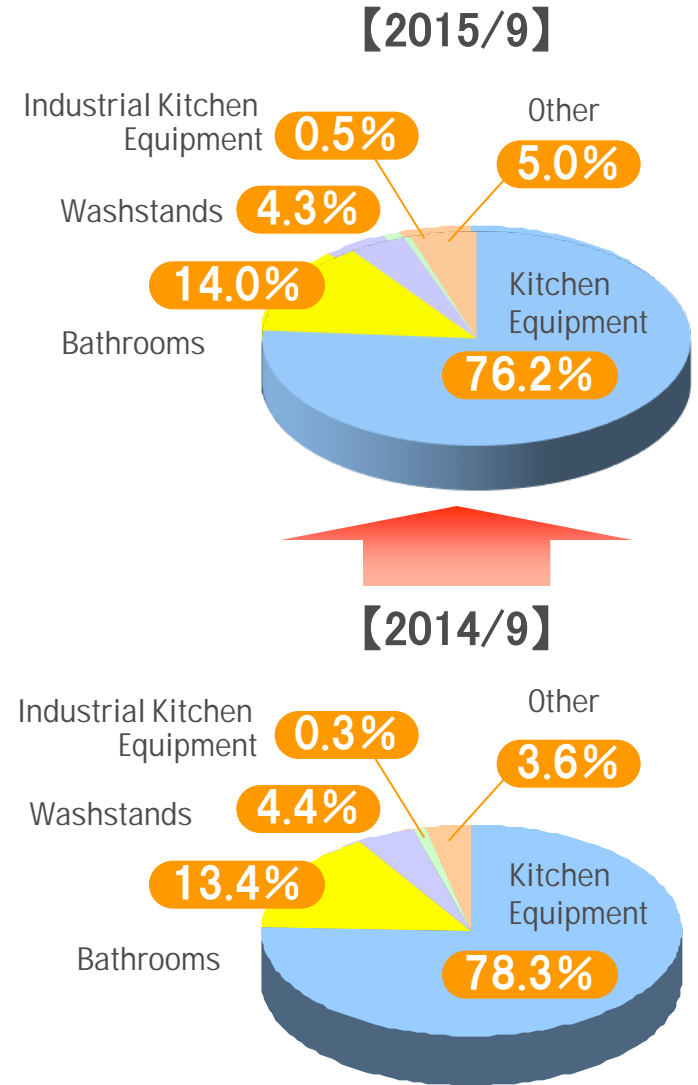
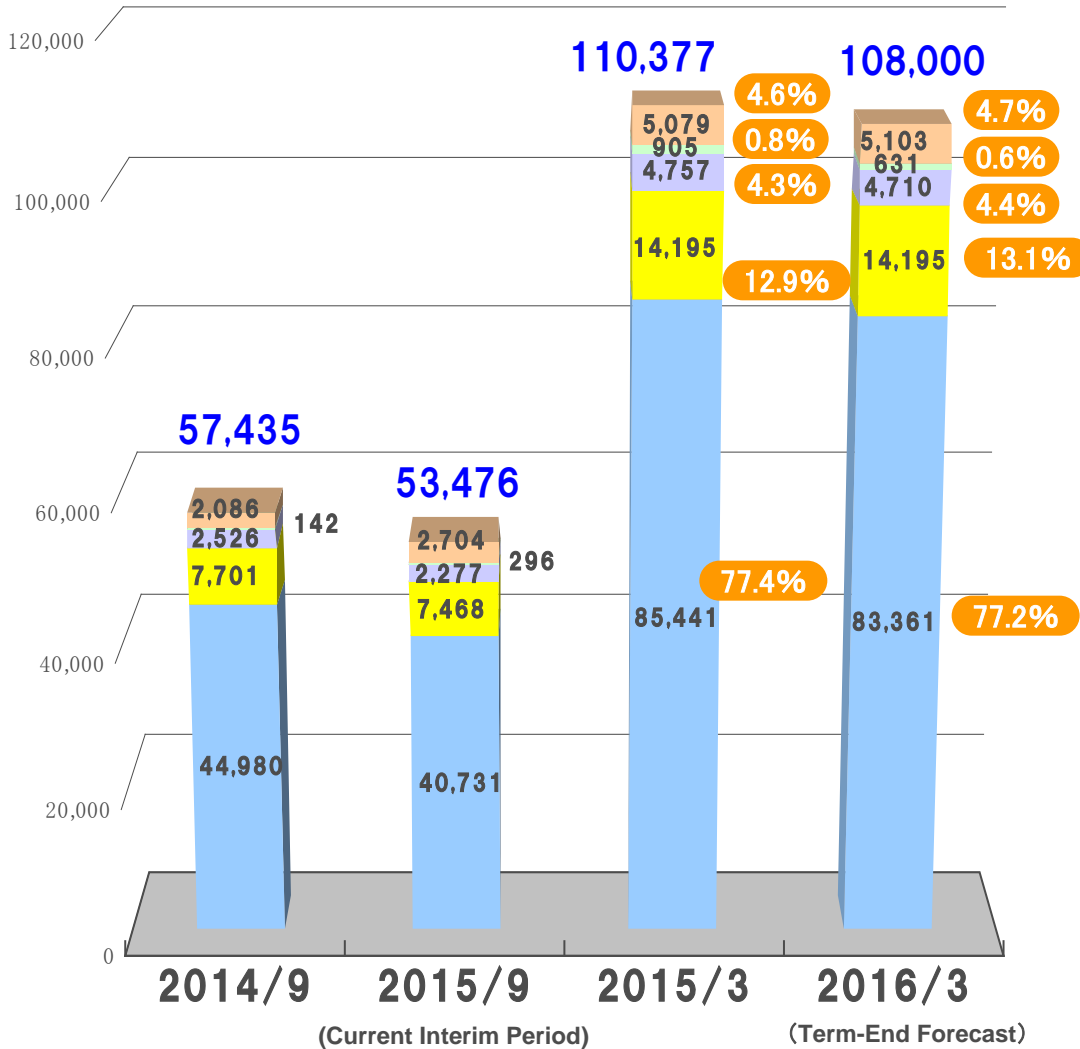
(Units: millions of yen)

	2015/9 (Actual Results)	2014/9 (Actual Results)	<i>Change From Prev. Period</i>
Net Sales	53,476	57,435	△6.9%
Operating Income	282	2,416	△88.3%
Ordinary Income	403	2,519	△84.0%
Interim Net Income	212	1,151	△81.6%
Interim Net Income Per Share	5.11yen	26.61yen	△80.8%

8. Non-Consolidated Sales Composition By Segment

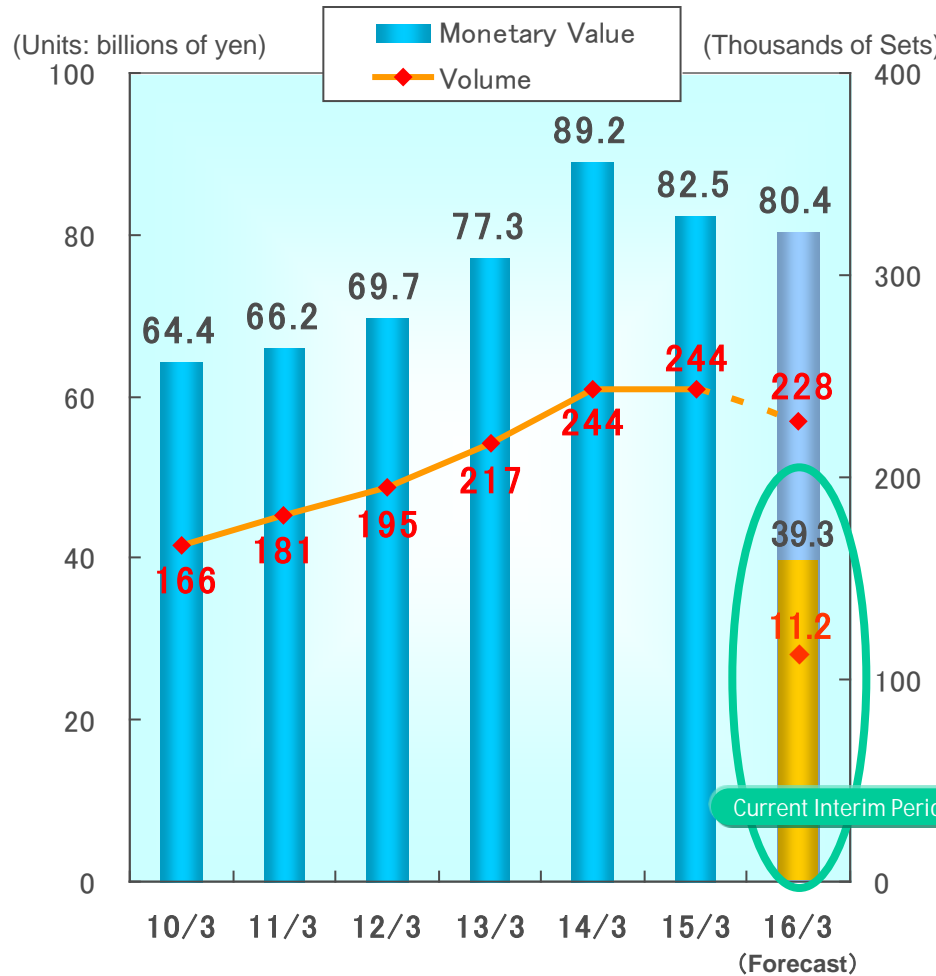


(Units: millions of yen)

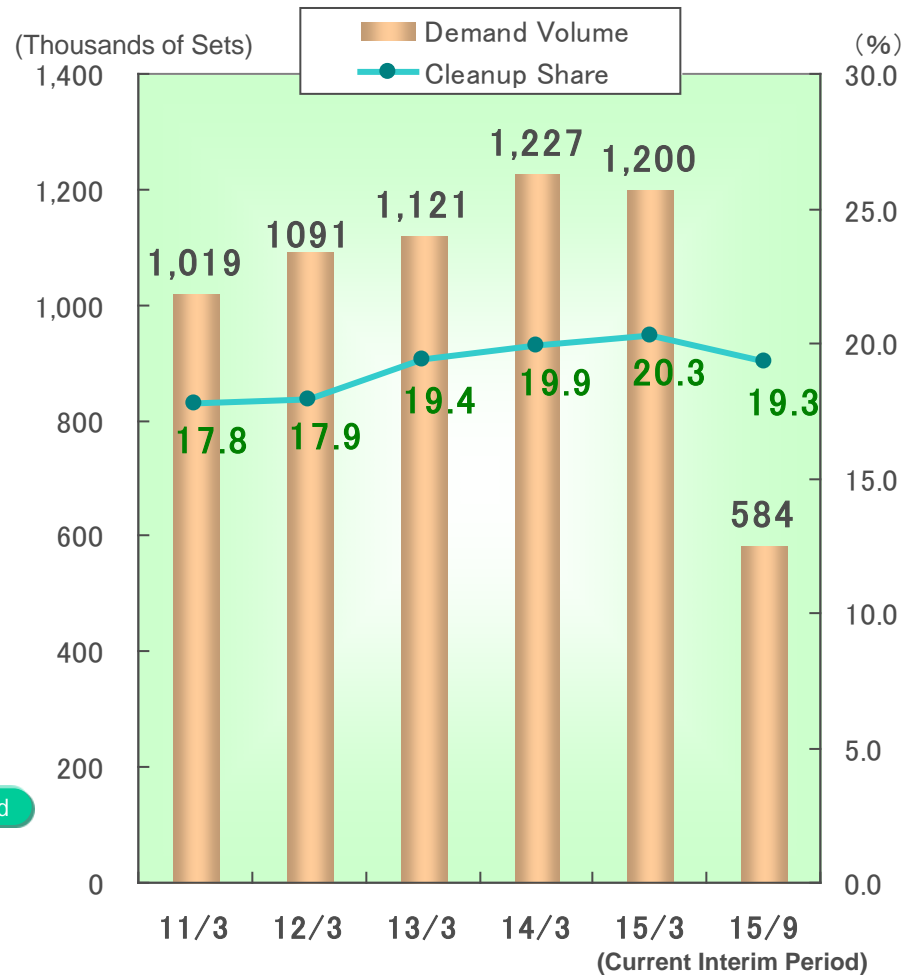


9. Sales Results For Major Products and Cleanup Market Share - 1/3

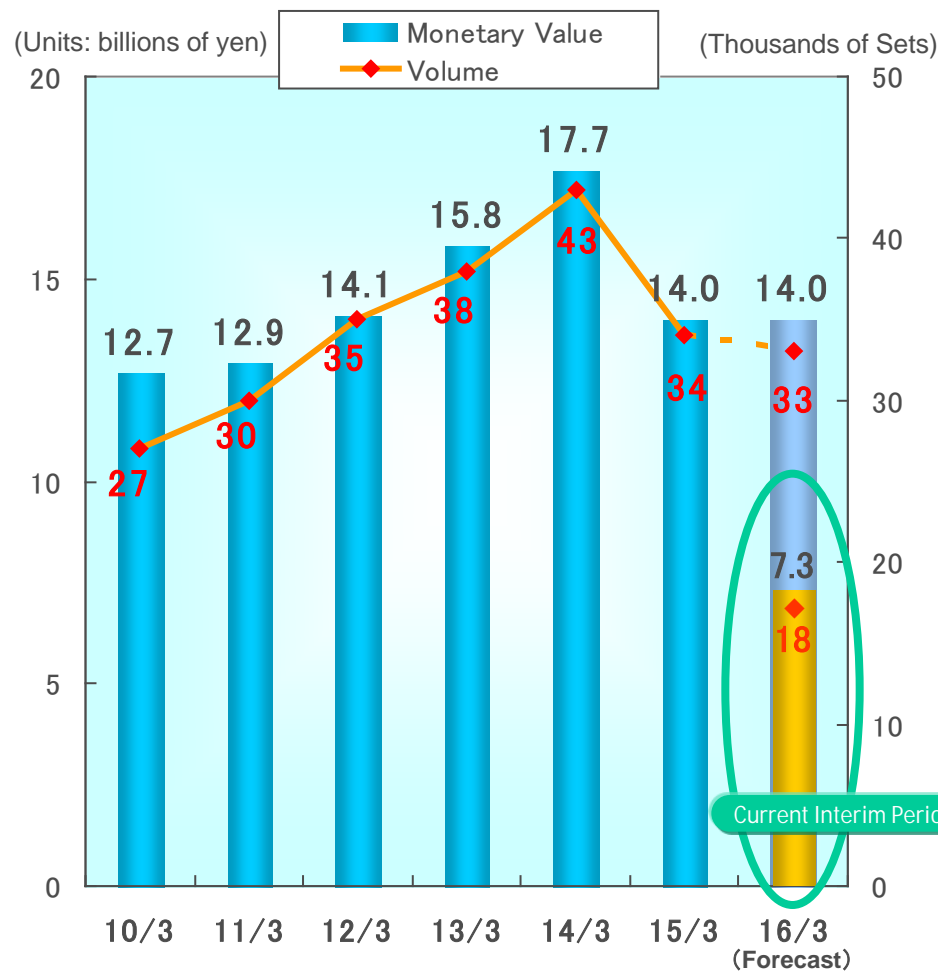
Complete System Kitchen Sales Results



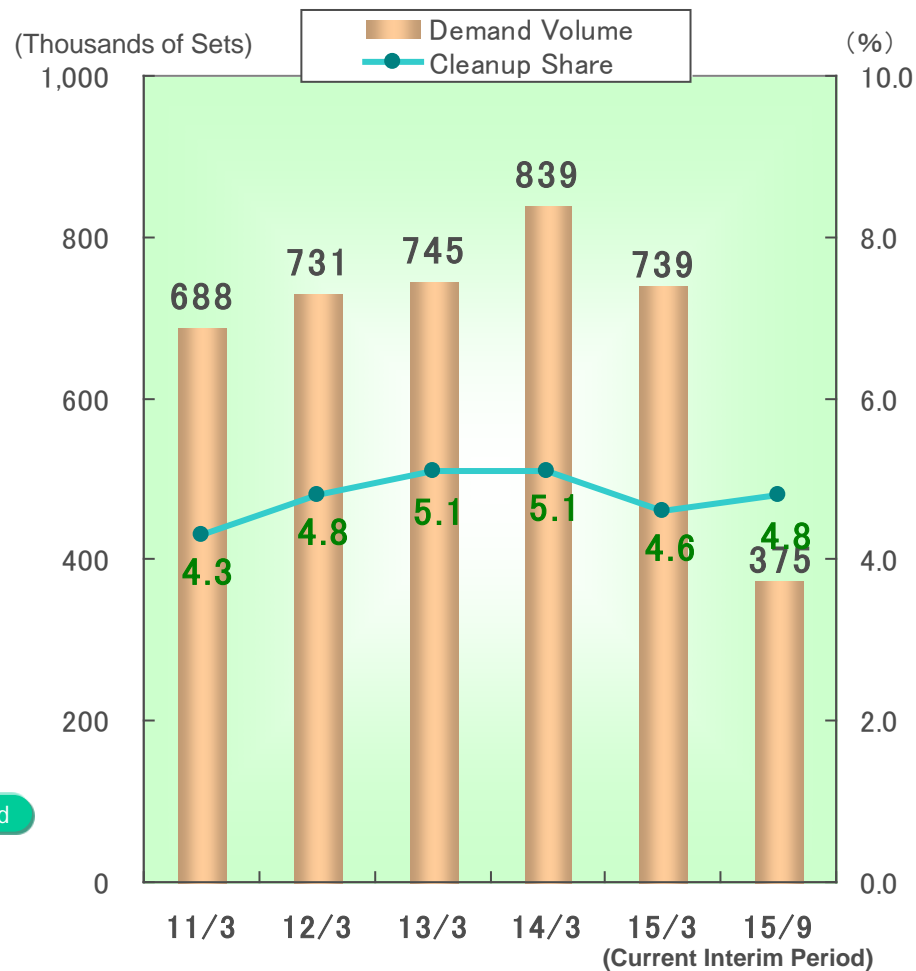
Demand Trends and Market Share



Modular System Bathroom Sales Results



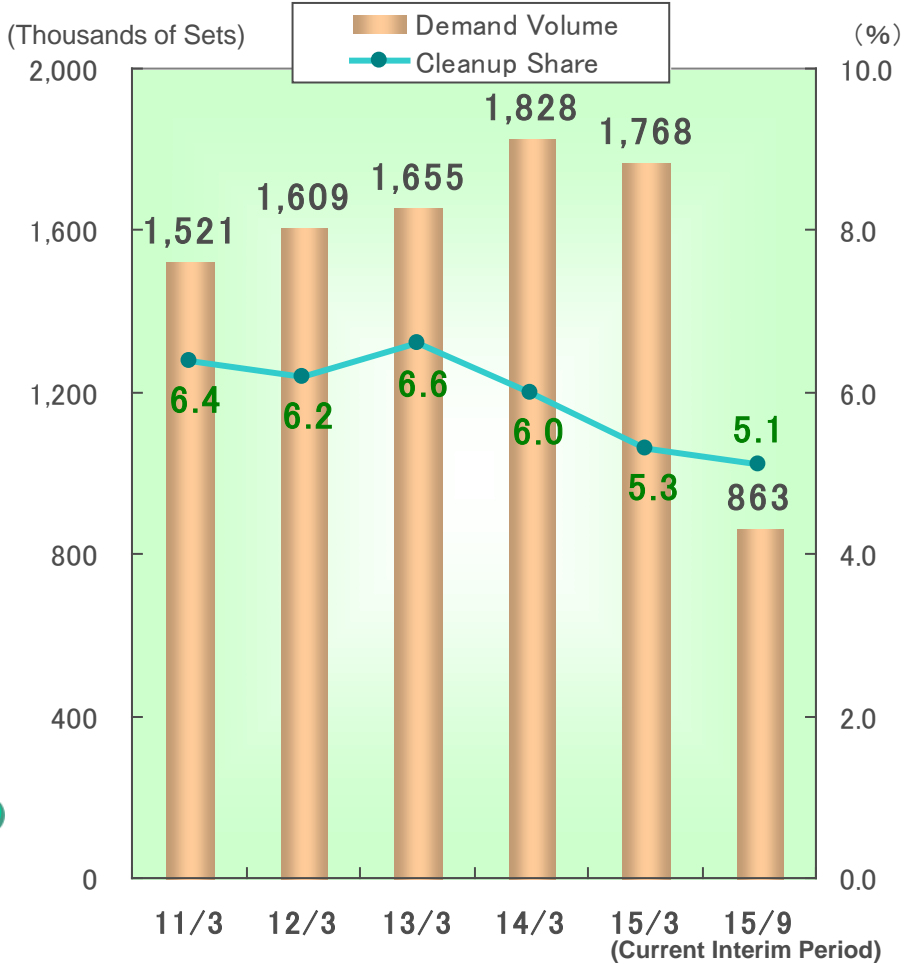
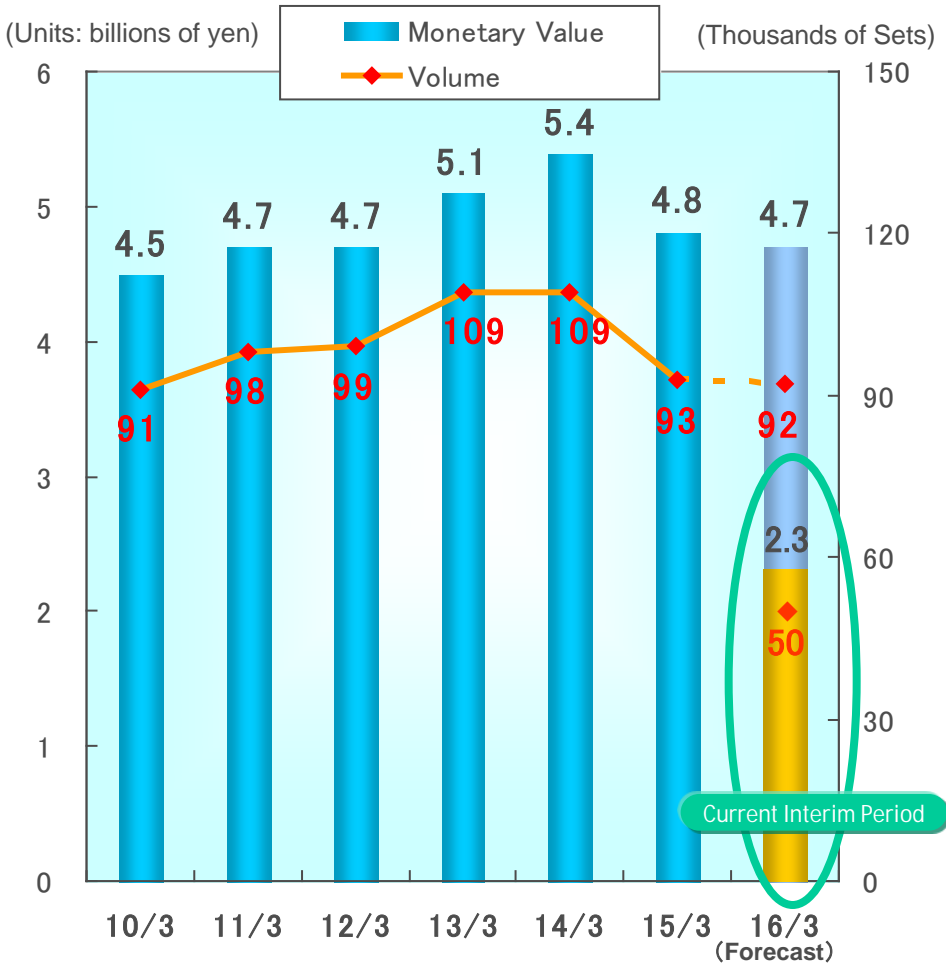
Demand Trends and Market Share



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

Washstands/Vanities

Demand Trends and Market Share



10. Forecasted Consolidated Results For The Period Ending March 2016

(Units: millions of yen)

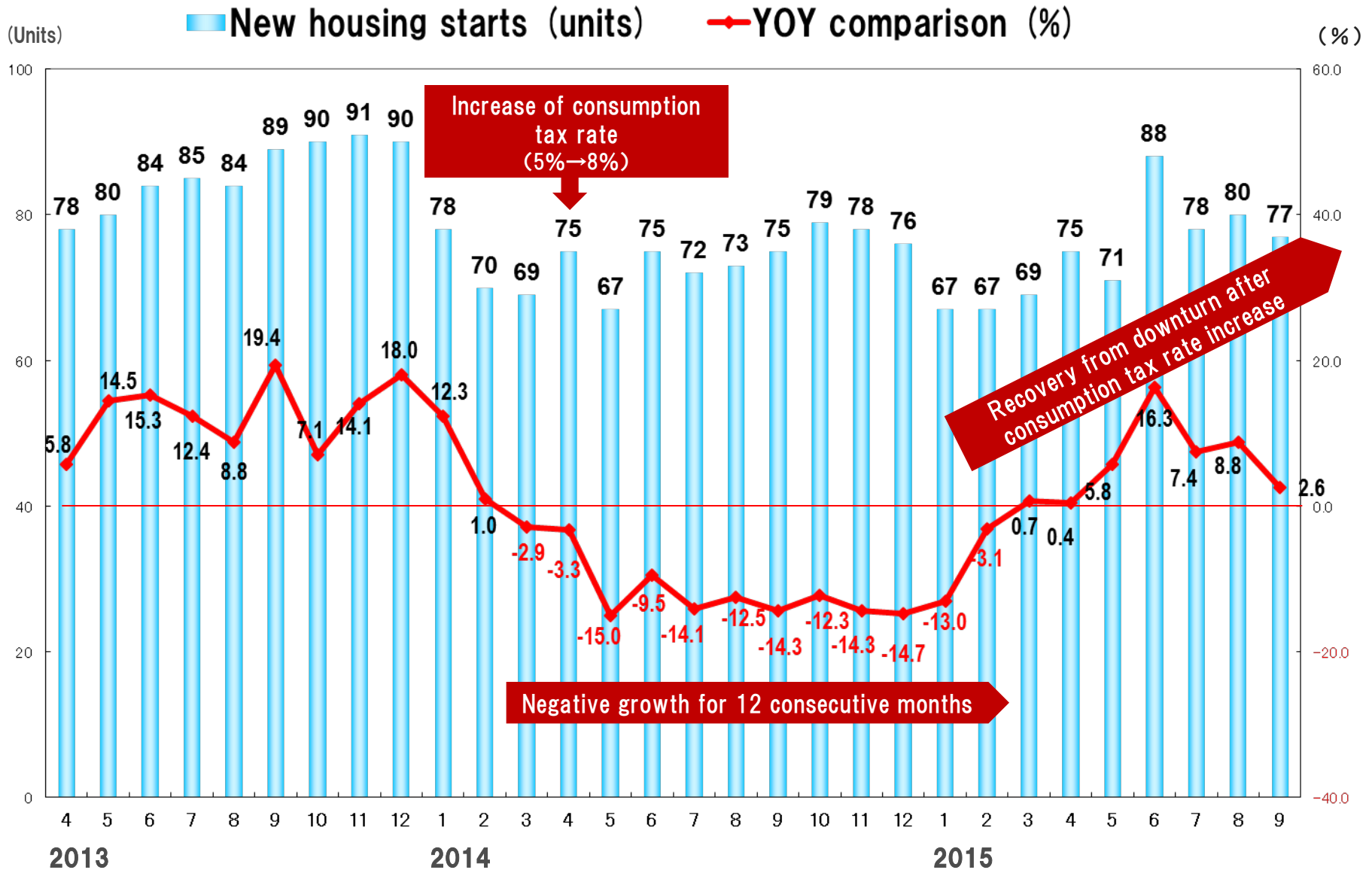
	2015/3 (Actual Results)	2016/3 (Forecast)	<i>Change From Prev. Period</i>
Net Sales	116,239	114,000	△ 1.9%
Operating Income	3,028	1,500	△ 50.5%
Operating Margin	2.6%	1.3%	—
Ordinary Income	2,703	1,260	△ 53.4%
Ordinary Income Margin	2.3%	1.1%	—
Profit attributable to owners of parent	883	600	△ 32.1%
Net Income Margin	0.8%	0.5%	—



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II . Future Strategy

1. Management Environment



* Ministry of Land, Infrastructure, Transport and Tourism Monthly Economic Construction Statistics, Building Starts

2. Summary of New “Medium-Term Management Plan 15” (1)

The new medium-term management started from this fiscal term, with the outcome of the previous medium-term management plan and changes to the business environment taken into account

**Previous medium-term management plan
“Medium-term Management Plan 12”
(For FY2012 to FY2014)**

**New Medium-Term Management Plan
“Medium-term Management Plan 15”
(For FY2015 to FY2017)**



Create a foundation for a dedicated
kitchen manufacturer



**Establish
“The Kitchen Company”**



Expedite fundamental reforms for further
growth



**Master the art of
“The Kitchen Company”**

○ Fundamental concept and Key policies

“Second Chapter” of Second Business Inauguration “Accelerate fundamental reforms for further growth”



Fundamental reforms

① Profit structure improvements

- Timely supply of products that conform to market needs.
- Execution of strategies for acquiring competitive advantage in renovation market.
- Realization of profit cost structures

② Evolution of management base

- Realization of high productivity through improved efficiency of operational duties and structures.
- Creation of people and brands that only dedicated kitchen manufacturer can achieve.
- Promotion of business activities with social missions.
- Enhancement of governance framework and stabilization of returns to shareholders.

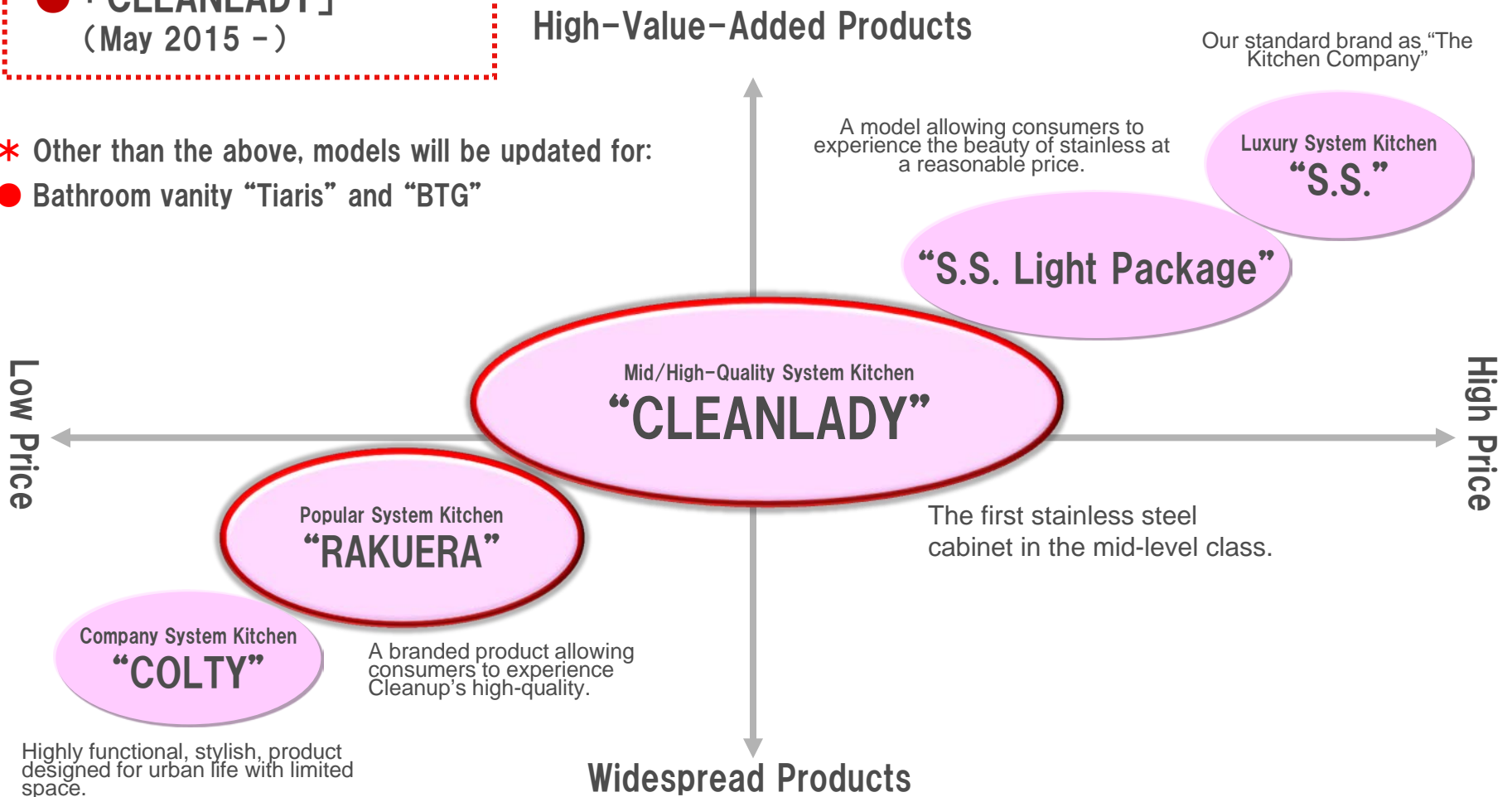
Growth strategies

- Expansion of overseas business operations
- Expansion of existing business domains
- Challenging activities for establishment of new business operations

Craftsmanship Leveraging the Strengths of a Specialist Manufacturer

【Renewal Schedule】
 ● 「CLEANLADY」
 (May 2015 -)

- * Other than the above, models will be updated for:
- Bathroom vanity "Tiaris" and "BTG"





"NEW CLEANLADY"

Implement a full model change for Cleanlady products and launch the new line in May.



流レール シンク

水のチカラでキレイをキープ

Develop a new function in pursuit of cleanliness by focusing on the "litter and contamination", which remains in the "sink" that is used to wash vegetables and dishes, based on surveys conducted with housewife monitors.



The "mother of Ultraman" was hired for television commercials, based on the concept "women who perform activities in the limited time available are the heroes of our families".



[Terrestrial television broadcasts]
Spot commercials (15 seconds)
September 5 (Saturday) onwards

[Satellite television broadcasts]
Spot commercials (5 minutes)
September 13 (Sunday) onwards

"Cleanup Kitchen Town Tokyo"

Launched October 3

The flagship showroom of the Tokyo metropolitan area has been extended and completely renovated.

Main Concept

Wonderful living starts in the kitchen!
Compathic showroom is used to provide the experience
lavish lifestyles

Flagship showroom
for western Japan

From July 2012
**Kitchen Town
Osaka**

Flagship showroom
for eastern Japan

From October 2015
**Kitchen Town
Tokyo**



Lifestyle walk

1

Each booth inside a showroom is connected to another via a "loop" (elliptical).

Welcome Kitchen & Living Room

2

A corner where visitors can experience their desired kitchen in an actual full-scale model

Renovation corner

3

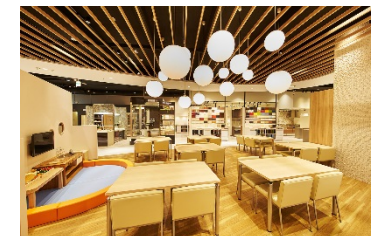
The latest case examples in the Tokyo metropolitan area are introduced with images

Kitchen studio

Kitchen studios, which can be used to provide cooking demonstrations, have increased in number from one unit to three units

Kitchen simulator

Simulations are provided in actual full-scale sizes with the latest projection mapping, using the "Kitchen Vision Sheet" (new implementation)



Enhanced appeal is promoted through the continuation of the proactive refurbishment of showrooms across the nation

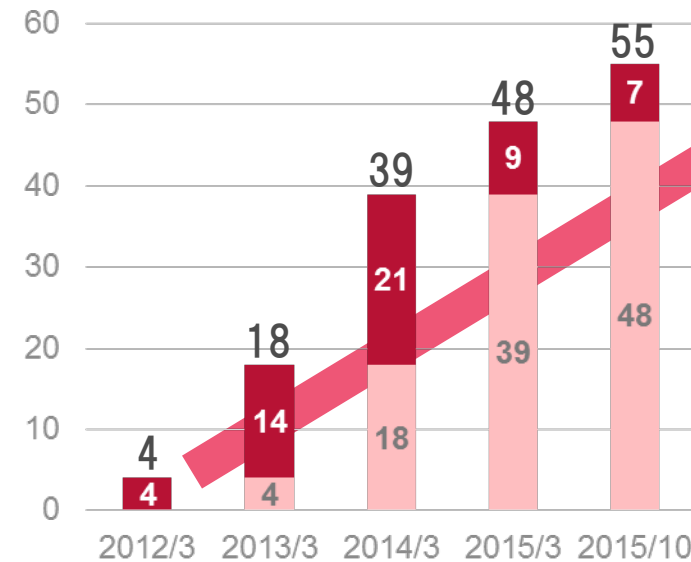
Positioning of roles played by showrooms

- Linchpin for point of contact with customer
- Most essential site for incorporating demand for renovations (site utilized for the implementation of renovation fairs in collaboration with the "Water Section Workshops" members)
- Essential sites for brand strategies are embedded in local communities (site utilized as a place for food education activities)



Transition in the number of refurbished showrooms

(Number of sites)

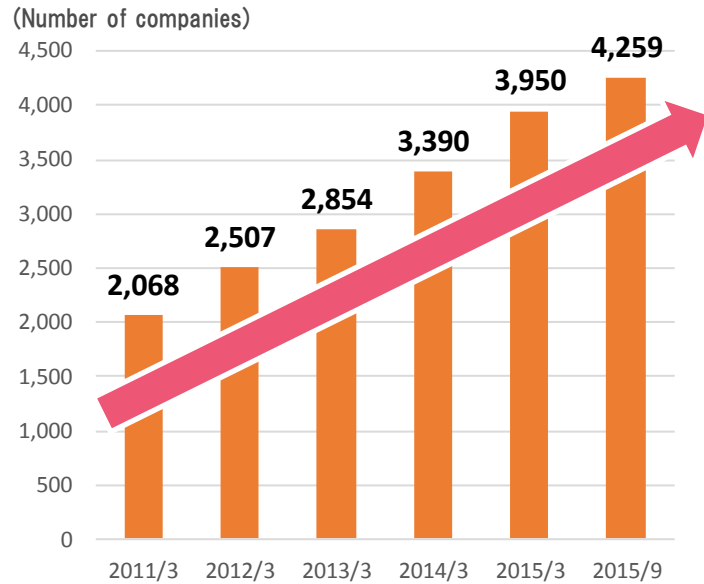


Sustained implementation for refurbishing all 101 sites

3. Strategy Implementation Status: "Sales Related Issues" (3)

The strategy implementation is enhanced with a thorough mechanism to draw in demand for renovations

Transition in the number of full members registered with "Water Section Workshops"
(organize building contractors and renovators in the respective regions)



Implementation of renovation fairs

Community based implementation from the showrooms in each region



Renovation seminar (in collaboration with distributors)

- Implement renovation seminars for sub-customers in cooperation with strong local firms
- Implement renovation fairs with strong firms/sub-customers as sponsors

“Food Education Activities” provided by Cleanup

Awarded the “Food Safety and Consumer Affairs Bureau Director’s Award” at the “Third Superior Shokuiku Activities Awards for Food and Agricultural, Forestry and Fisheries Industries”.

Reason for receiving award

Positive evaluation for “undertaking multilayered activities to promote the Japanese food lifestyle through activities led by headquarters, as well as through community based activities implemented through the utilization of 101 showrooms across the nation”.

Following are some of the activities that led up to receiving the award (principal activities thus far):

- Activities based on the foundation of the brand statement, “Smiles Are Made in the Kitchen”.
- Activities of the “Oishii Kurashi Kenkyusho” (“Tasty Life Research Institute”, established in 2009).
- Periodical implementation of “Smiles Are Made in the Kitchen Academy” (seminars given jointly in collaboration with universities).
- Participation in the “Bento Day Support Project”.
- Implementation of community based cooking classes at showrooms across the nation.



"Food Education Activities" of Cleanup: Principal activities in the first half of the current fiscal term

Wakuwaku Kitchen! (Exciting Kitchen) Food Transformation Class

Minamiaoyama Kitchen Studio (Aug. 22)



The Shokuiku activity was launched to provide an opportunity for consumers to become aware of the pleasure of eating by learning to cook for themselves.

Obento Contest

Iwaki City, Fukushima Prefecture (Sep. 27)



- Implemented targeting elementary school students in the city
- The Shokuiku activity was inspired by our desire to support the healthy growth of children and the restoration of the "food culture", following the disaster.
- Implemented jointly in collaboration with a local supermarket chain, Maruto Co., Ltd.

3. Strategy Implementation Status: "Overseas Business Capabilities"



●China

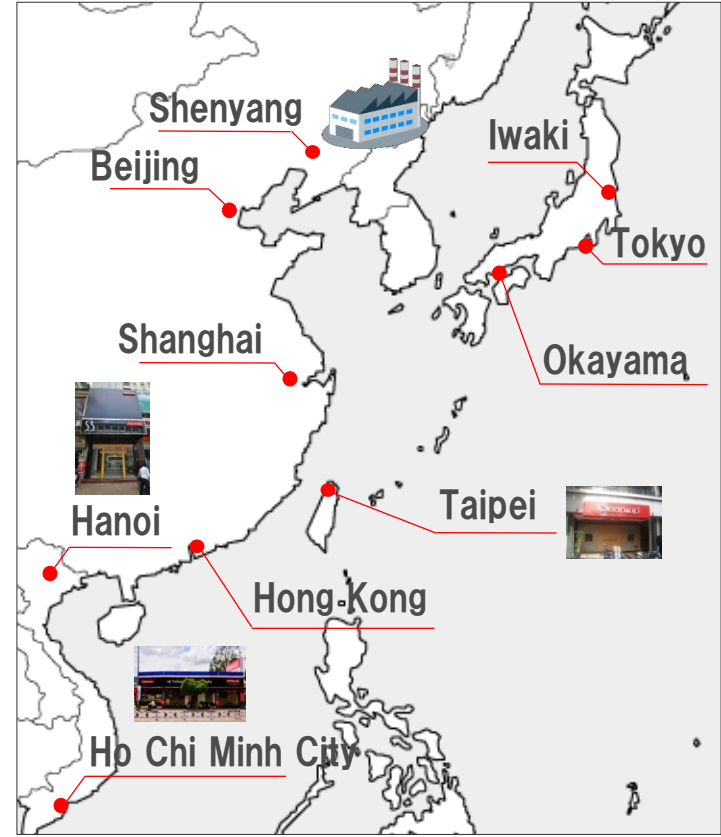
●The market is entered jointly with a house manufacturer. The supply of Kitchen products were supplied to four districts, Shenyang, Suzhou, Wuxi and Taicang.

●Taiwan and Vietnam

- Primarily medium to high class products (S.S. CLEANLADY) were exported and sold to local distributors.
- The sales activities extended to corporate customers and consumers were generally carried out through the showrooms of distributors.
- The local representative office continues to provide support to the distributors and efforts are focused into increasing sales.

●Other Asia

●Primarily medium to high class products (S.S. CLEANLADY) were exported and sold to local distributors.



Condominium in Suzhou, China



Condominium in Taipei, Taiwan



Condominium in Hanoi, Vietnam

◎Our foundation, which is suitable for our “Second Creation”, will be established as we commemorate the 65th anniversary of our founding this year and take on new challenges, heading towards our 70th anniversary.



The aim is to become a business enterprise engaged in business operations, not solely for the purpose of pursuing economic gain, but also for making proactive social and cultural contributions, while appreciating the concern of individual persons, families and society.

For any questions concerning investor relations,
please contact:

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Corporate Planning Department,
Public Relations Section

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Disclaimer

This material is intended to provide information regarding FY2015 Interim Results (April 2015~September 2015) and does not constitute a solicitation to invest in Cleanup Corporation-issued securities.

Furthermore, this material was created based upon data current as of November 11, 2015. Opinions and forecasts contained within this material were the subjective judgments of Cleanup Corporation at the time of creation. No guarantee or promise is made as to the accuracy or completeness of this information. Additionally, this information is subject to change without prior notice.