



キッチンから、笑顔をつくろう

**Presentation Material:  
Announcement of FY 2015 Year-End Results**

**May 18, 2016**



キッチンから、笑顔をつくろう

# I . Results Outline

# 1. Outline of Consolidated Results for the Period Ended March 2015

(Units: millions of yen)

	<b>2016/3</b> (Actual Results)	<b>2015/3</b> (Actual Results)	<i>Change From Prev. Period</i>	<b>2015/3</b> (Initial Forecast 5/11)	<b>2015/3</b> (Revised Forecast 11/2)	<i>Compared To Revised Plan 11/2</i>
<b>Net Sales</b>	114,445	116,239	$\Delta 1.5\%$	118,000	114,000	$\Delta 3.4\%$
<b>Operating Income</b>	1,129	3,028	$\Delta 62.7\%$	2,800	1,500	$\Delta 46.4\%$
<b>Ordinary Income</b>	867	2,703	$\Delta 67.9\%$	2,450	1,260	$\Delta 48.6\%$
<b>Profit attributable to owners of parent</b>	340	883	$\Delta 61.5\%$	1,350	600	$\Delta 55.6\%$
<b>Net Income Per Share</b>	8.19yen	20.84yen	$\Delta 60.7\%$	32.46yen	14.43yen	$\Delta 55.5\%$

\* Initial Forecast 5/11: Announced May 11, 2015

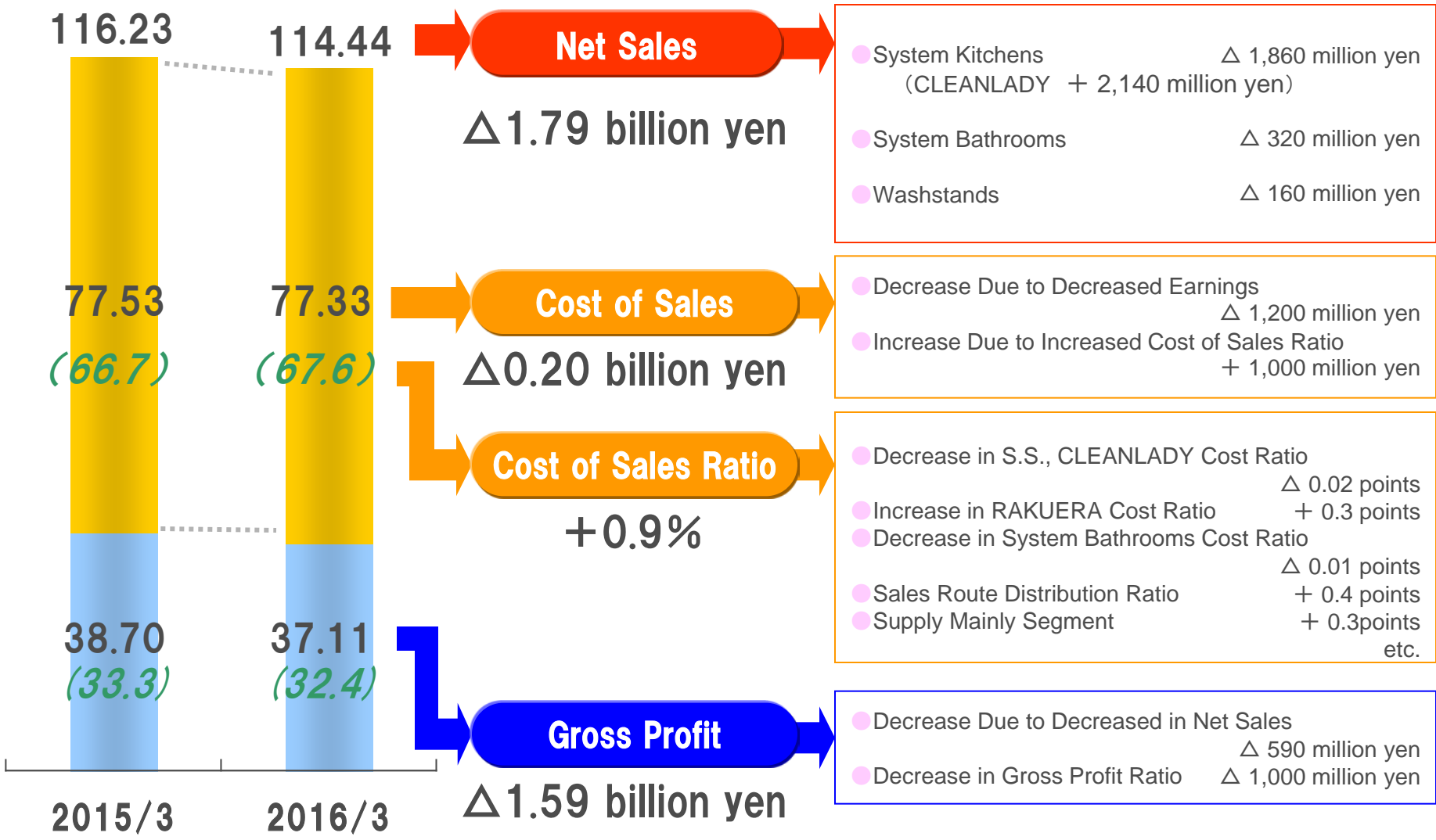
\* Revised Forecast 11/2: Announced November 2, 2015

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

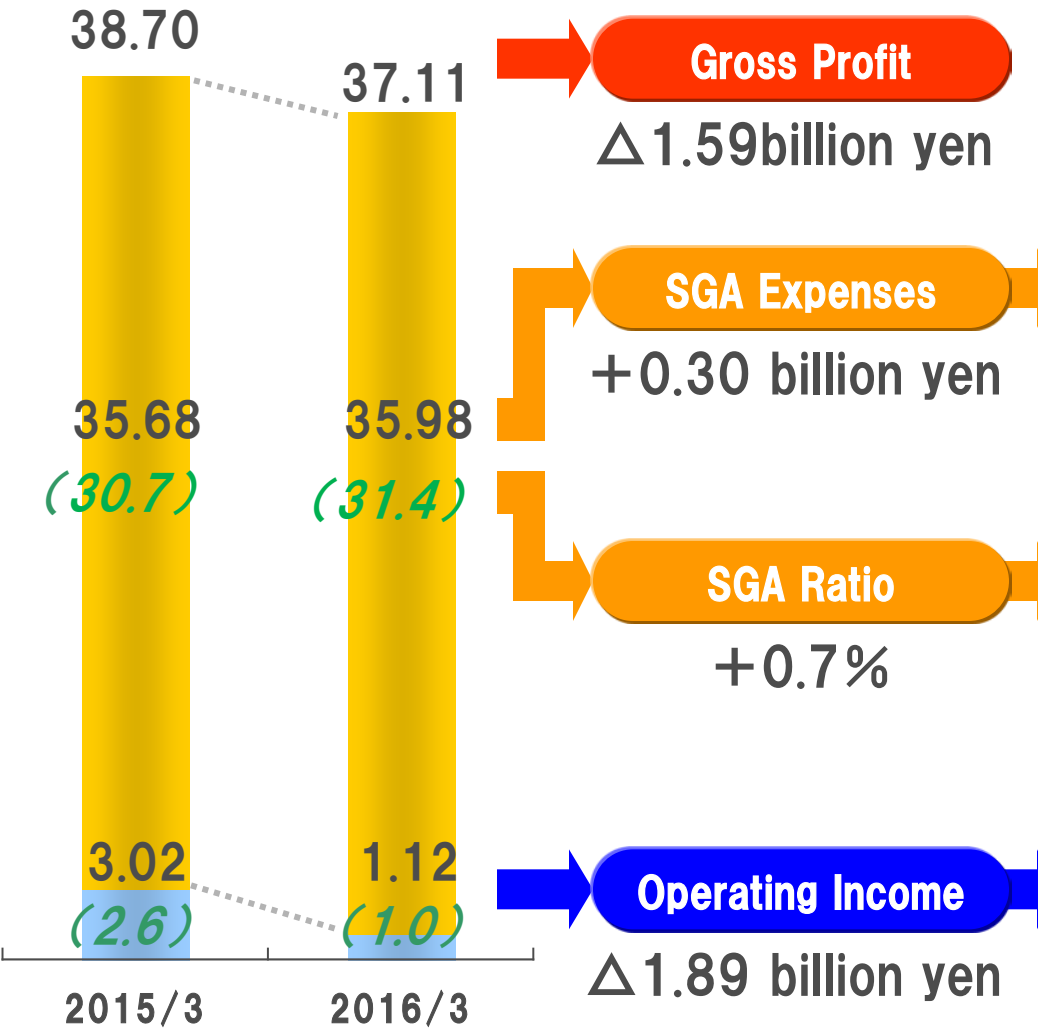
【Main Increase/Decrease Factors】



# 2. Consolidated Profits (2) SGA Expenses, Operating Income

(Units: billions of yen)

【Increased/Decreased Values (Rates)】



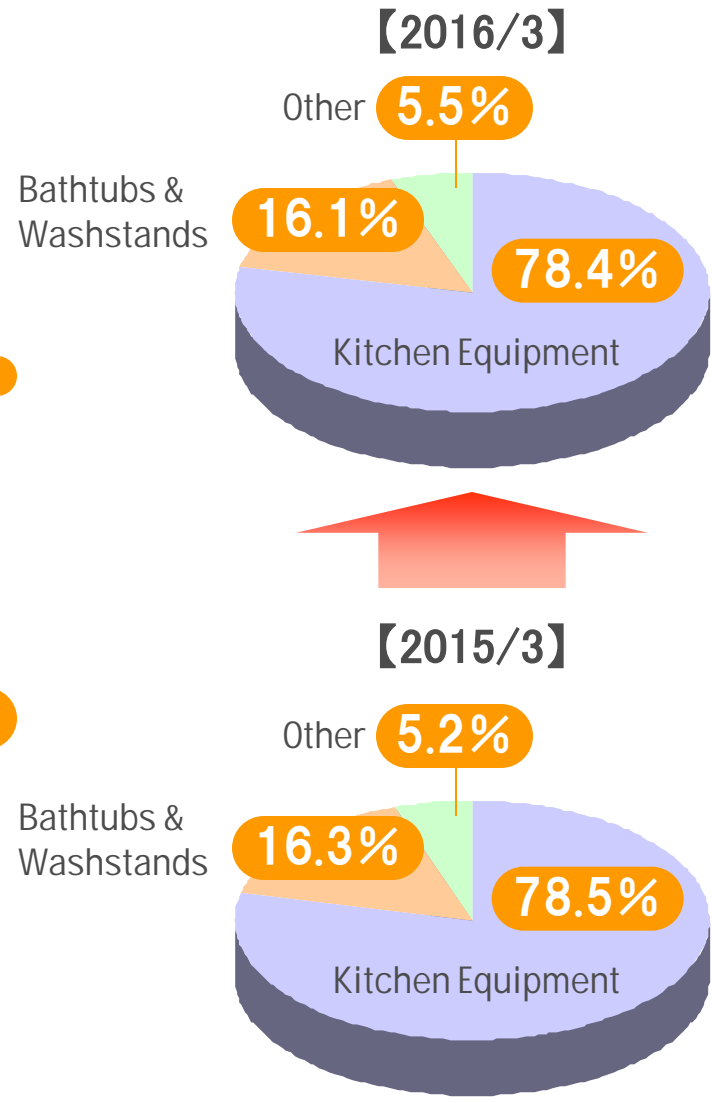
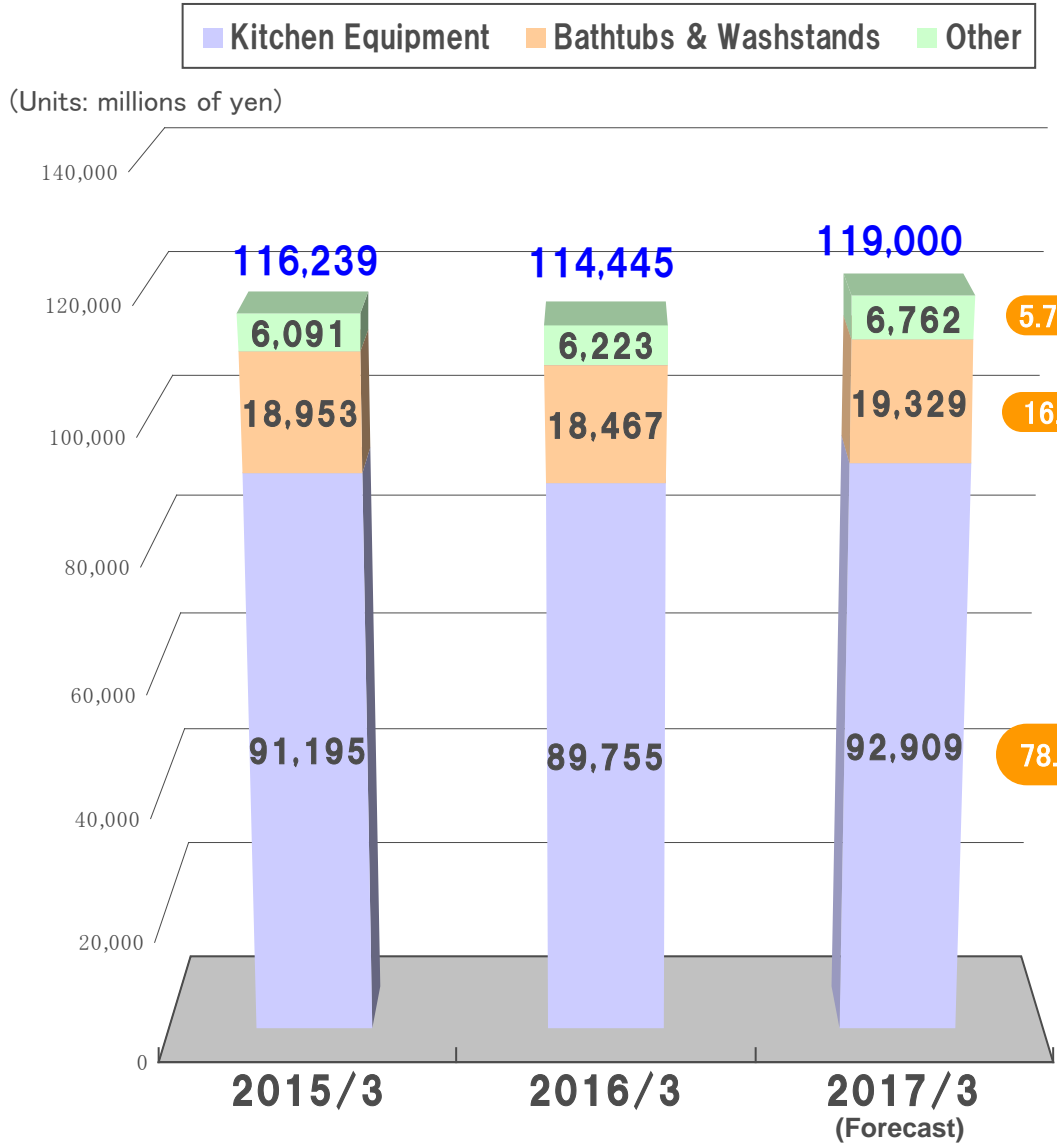
【 Main Increase/Decrease Factors 】

● Sales Expenses	+ 460 million yen
● Distribution Expenses	△ 290 million yen
● Personnel Expenses	△ 210 million yen
● Administrative Expenses	+ 340 million yen
(Warranty Repair Expenses, Repair Expenses, etc.)	

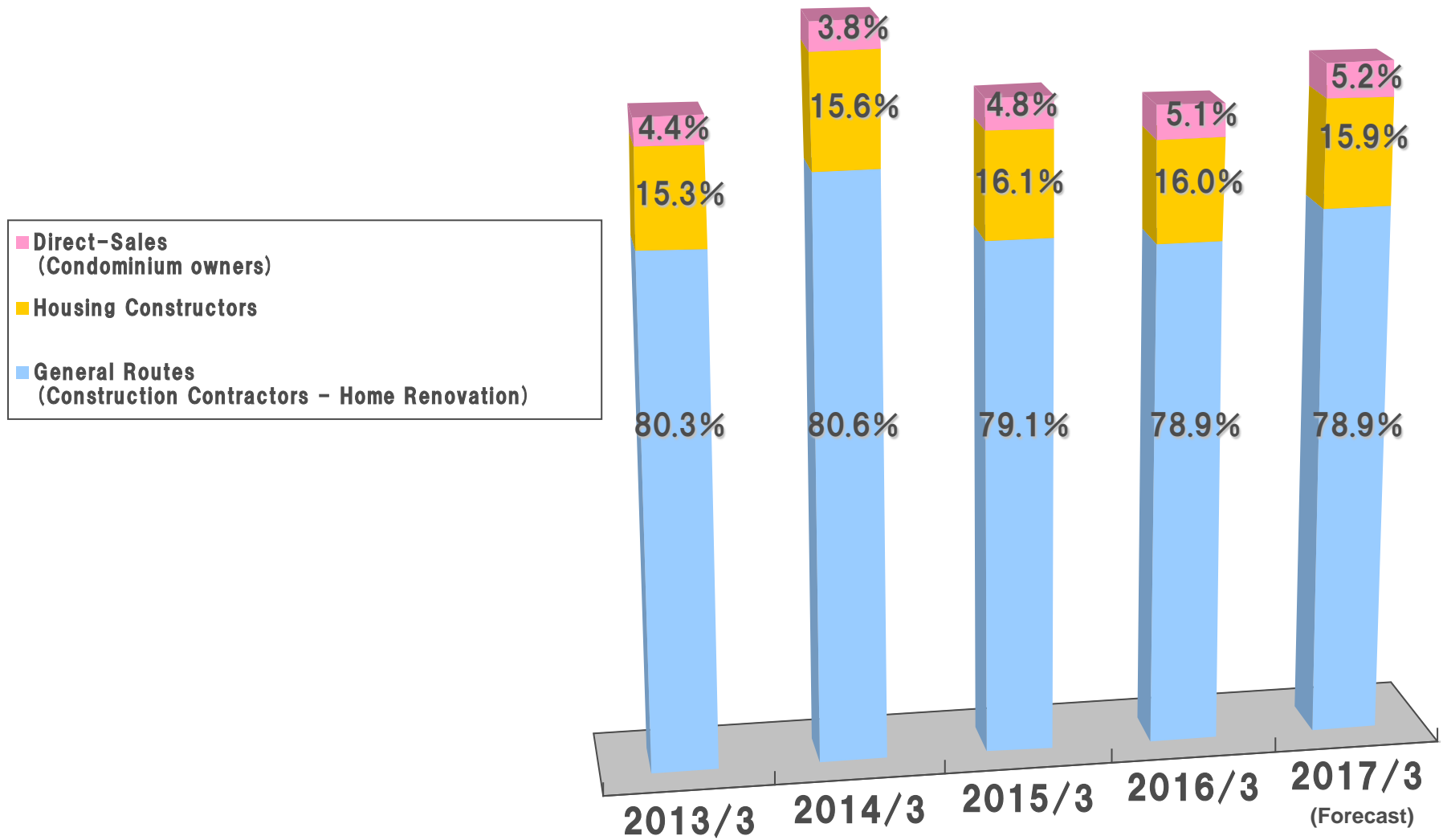
● Sales Expenses	+ 0.43 points
● Distribution Expenses	△ 0.16 points
● Personnel Expenses	+ 0.03 points
● Administrative Expenses	+ 0.44 points

● Decrease in Gross Profit	△ 1,590 million yen
● Change in SGA Expenses	△ 300 million yen

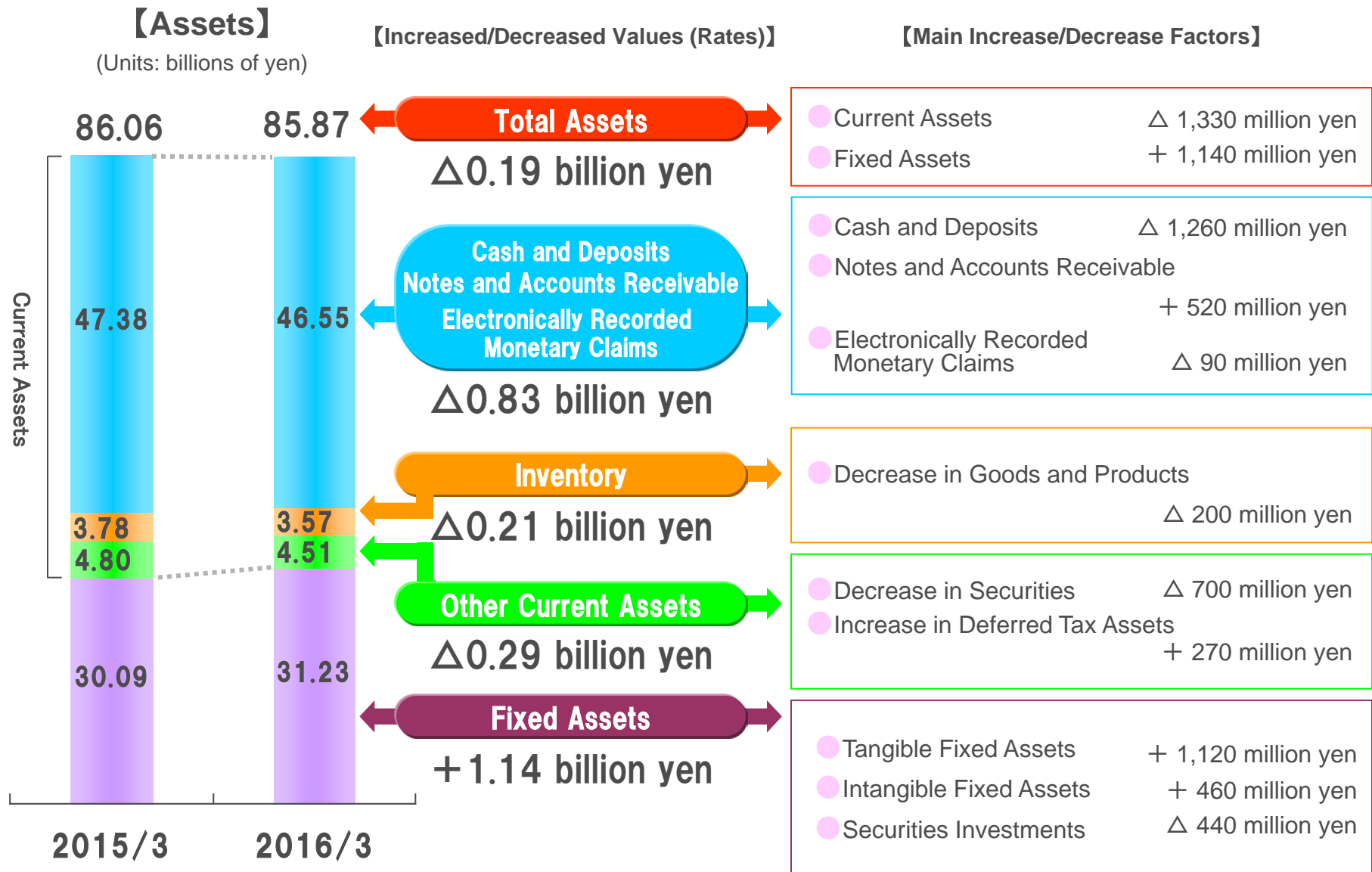
### 3. Sales Composition (1) By Segment (Consolidated)



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



# 4. Consolidated Balance Sheet Summary – 1/2





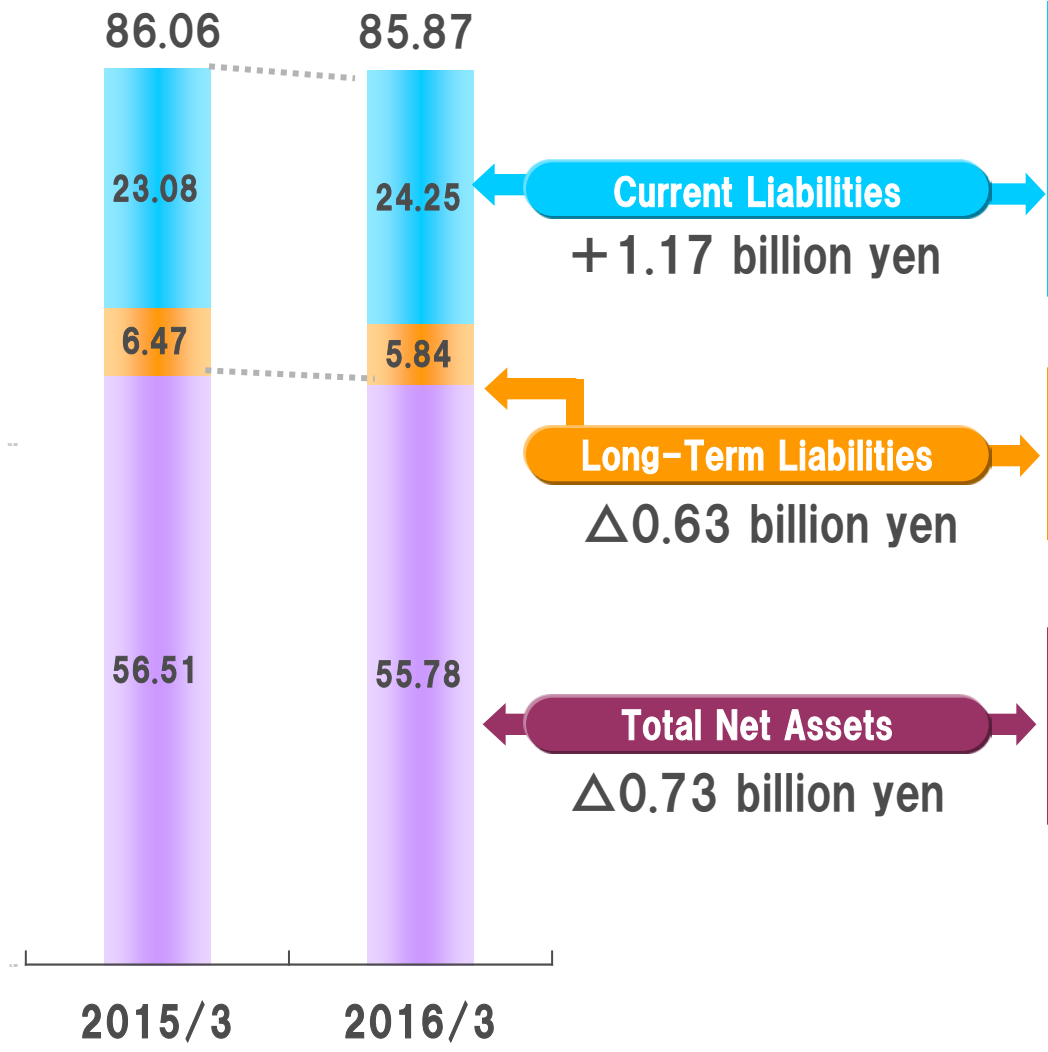
# 4. Consolidated Balance Sheet Summary – 2/2

## 【Liabilities / Net assets】

(Units: billions of yen)

### 【 Increased/Decreased Values 】

### 【Primary Reasons for Increase/Decrease】



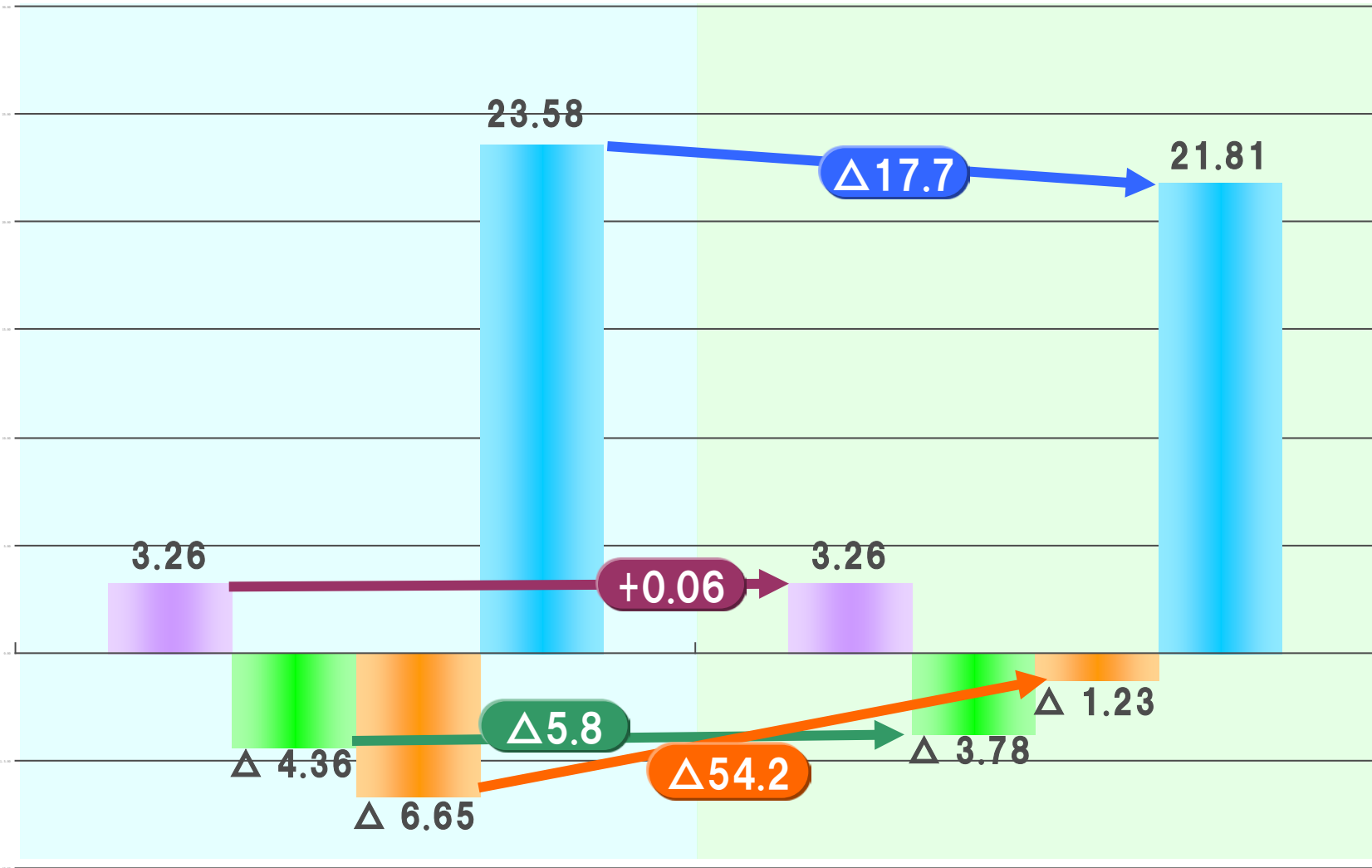
- Trade Accounts Payable, Other Accounts Payable + 920 million yen
- Provision for loss on dissolution of employees' pension fund + 910 million yen
- Current portion of long-term loans payable △ 560 million yen

- Provision for Loss on Dissolution of Employees' Pension Fund △ 910 million yen
- Long-term loans payable + 280 million yen

- Net Income + 340 million yen
- Dividends △ 830 million yen
- Valuation Difference on Available-for-Sale Securities △ 150 million yen

# 5. Consolidated Cash Flow Statement Summary

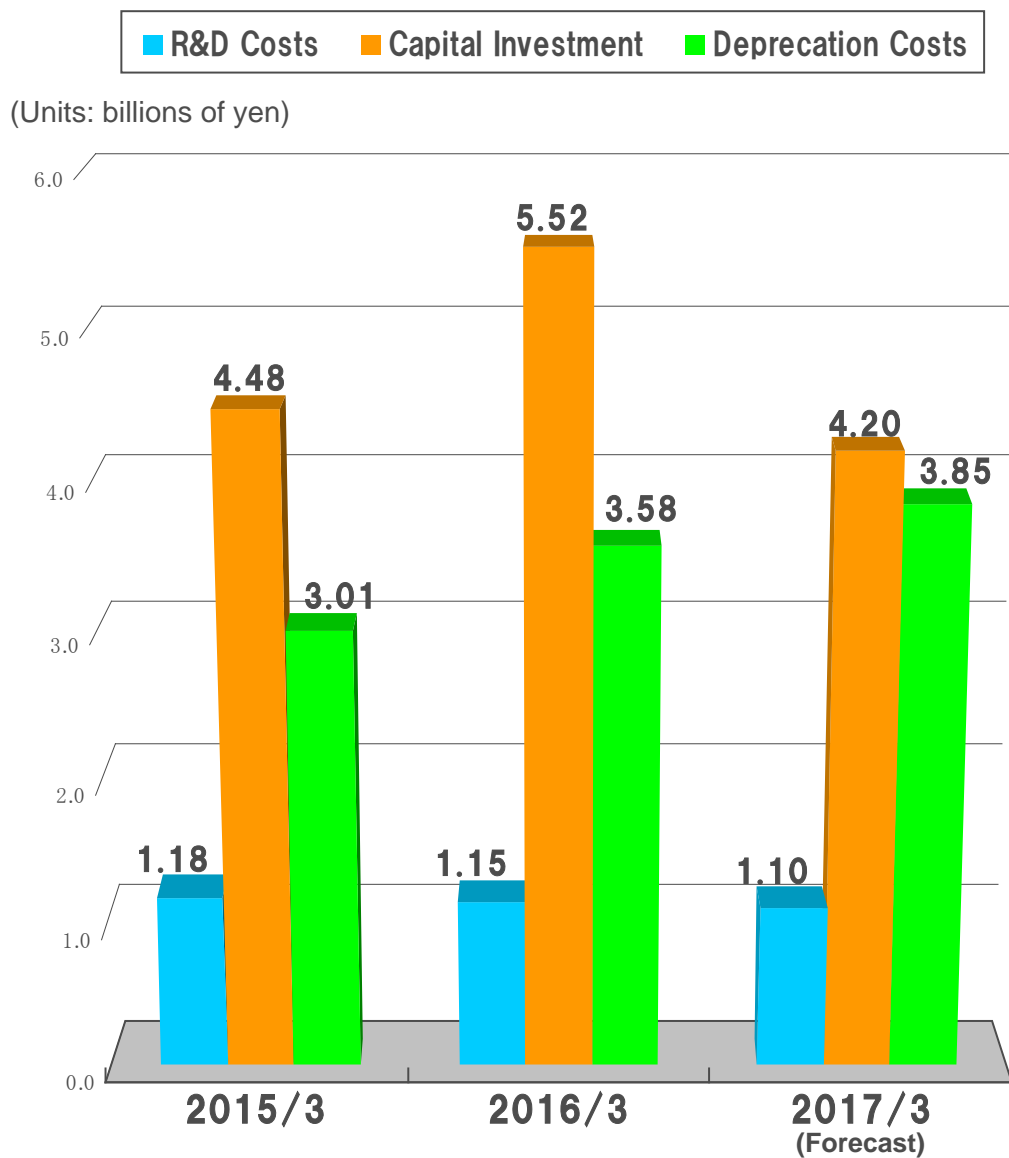
(Units: billions of yen)



2015/3

2016/3

# 6. Capital Investments (Consolidated)



## 【Major Capital Investment Details】

### FY 2015 Results

- ① Production-Related 2,240 million yen
- ② Showroom Renovation 1,880 million yen
- ③ Information Investment 1,180 million yen
- ③ Others 220 million yen

### FY 2016 Plan

- ① Production-Related 1,140 million yen
- ② Operations-Related 1,450 million yen
- ③ Information-Related 1,420 million yen
- ④ Others 190 million yen

## 7. Outline of Non-Consolidated Results for the Period Ended March 2016

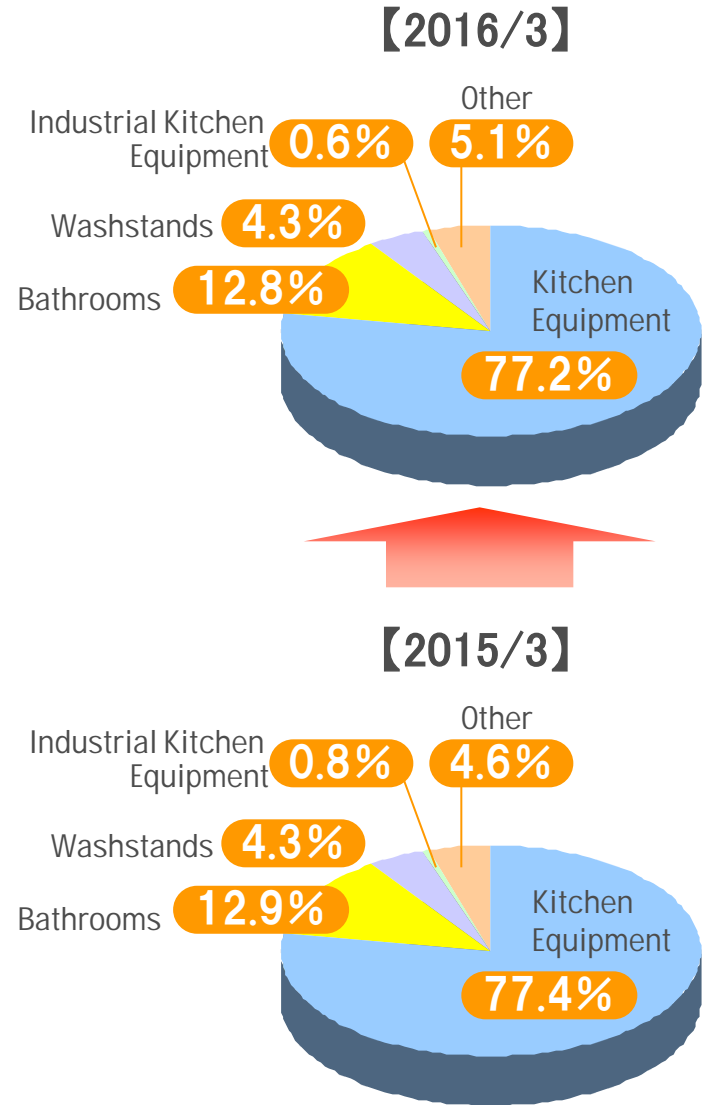
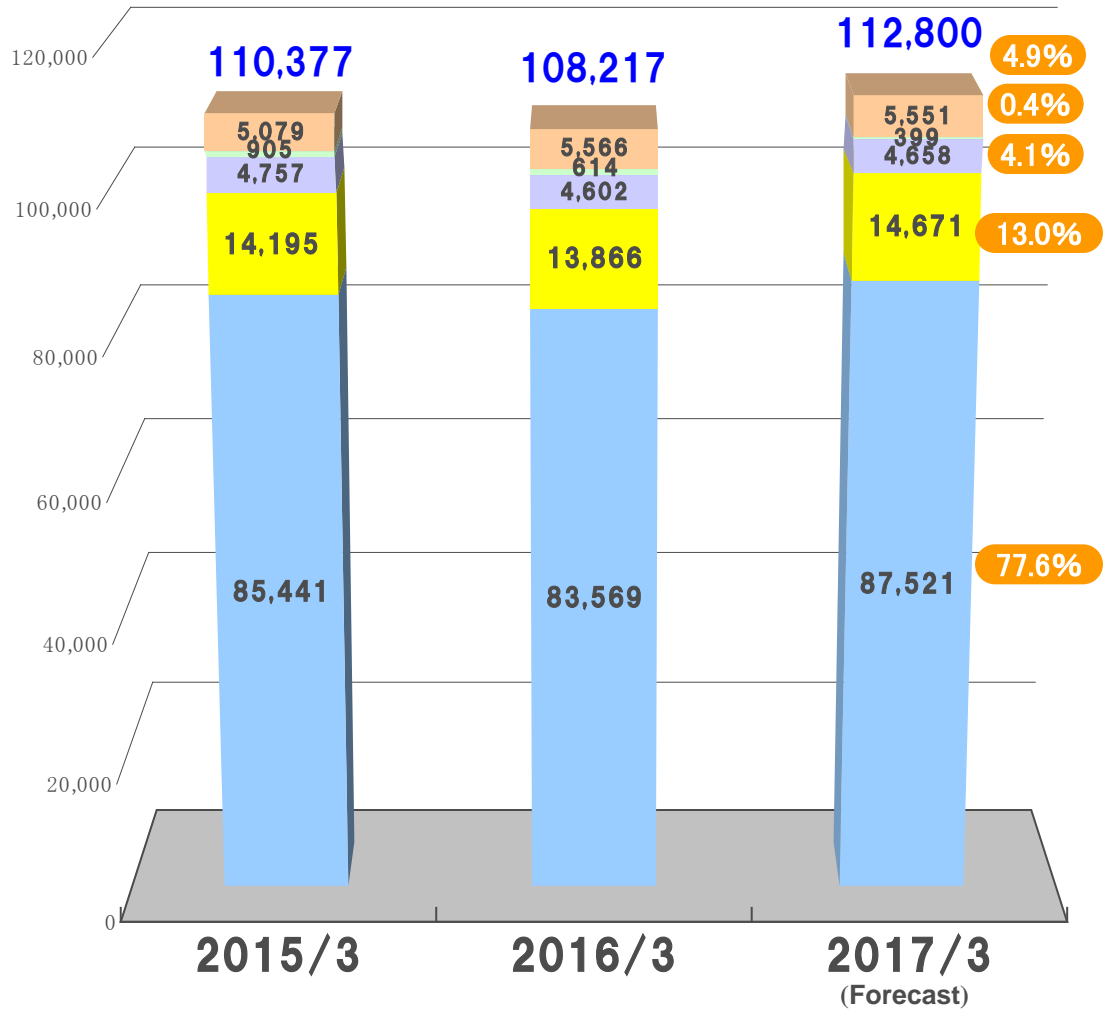
(Units: millions of yen)

	<b>2016/3</b> (Actual Results)	<b>2015/3</b> (Actual Results)	<i>Change From Prev. Period</i>
<b>Net Sales</b>	<b>108,217</b>	<b>110,377</b>	<b>△2.0%</b>
<b>Operating Income</b>	<b>559</b>	<b>2,684</b>	<b>△79.2%</b>
<b>Ordinary Income</b>	<b>561</b>	<b>2,645</b>	<b>△78.8%</b>
<b>Net Income</b>	<b>185</b>	<b>1,169</b>	<b>△84.1%</b>
<b>Net Income Per Share</b>	<b>4.47yen</b>	<b>27.57yen</b>	<b>△83.8%</b>

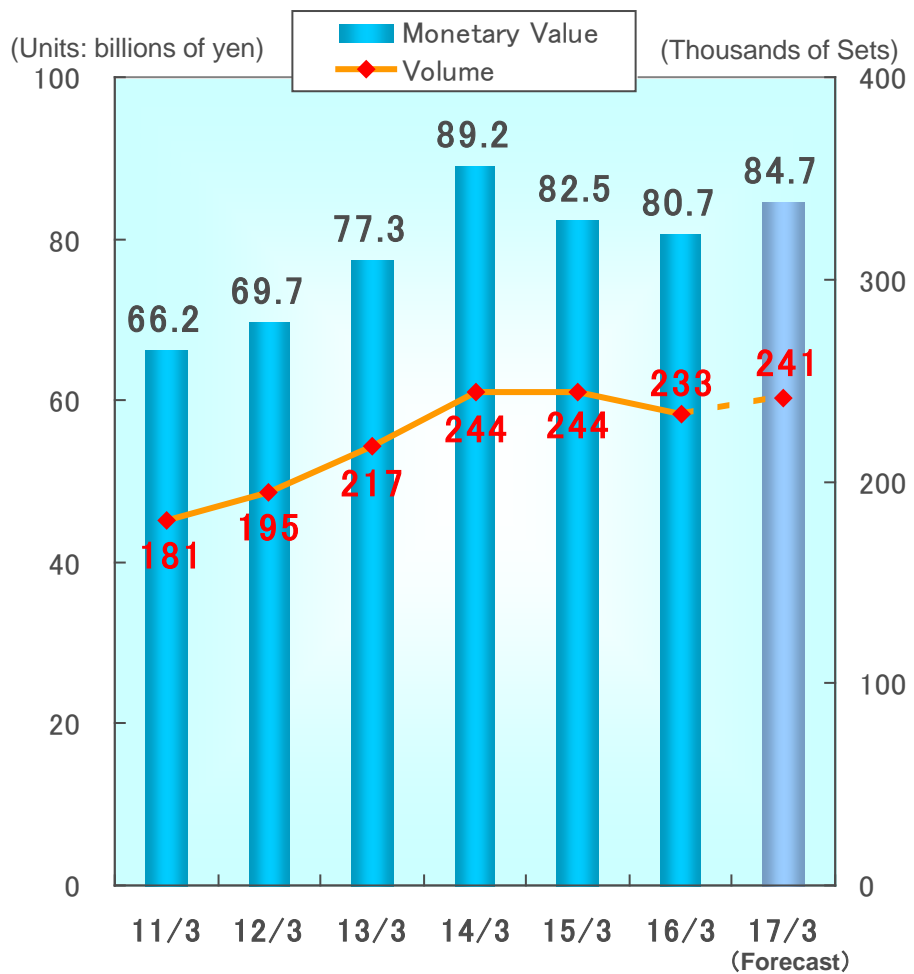
# 8. Non-Consolidated Sales Composition By Segment



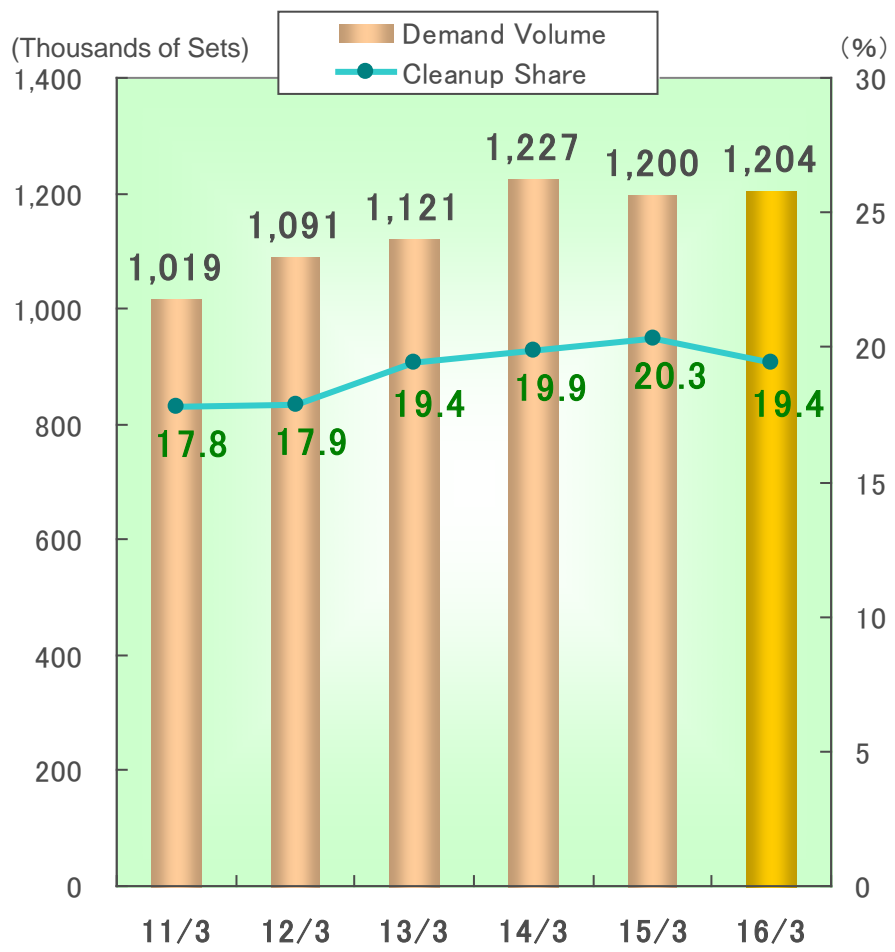
(Units: millions of yen)



## Complete System Kitchen Sales Results

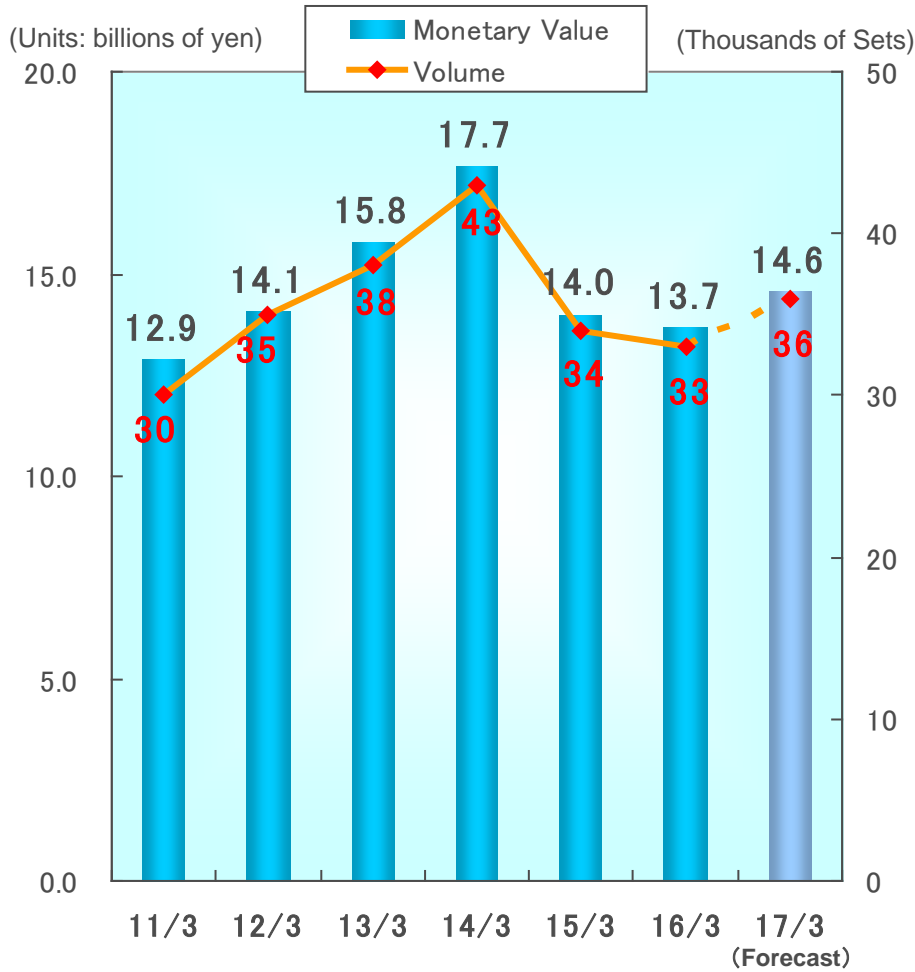


## Demand Trends and Market Share

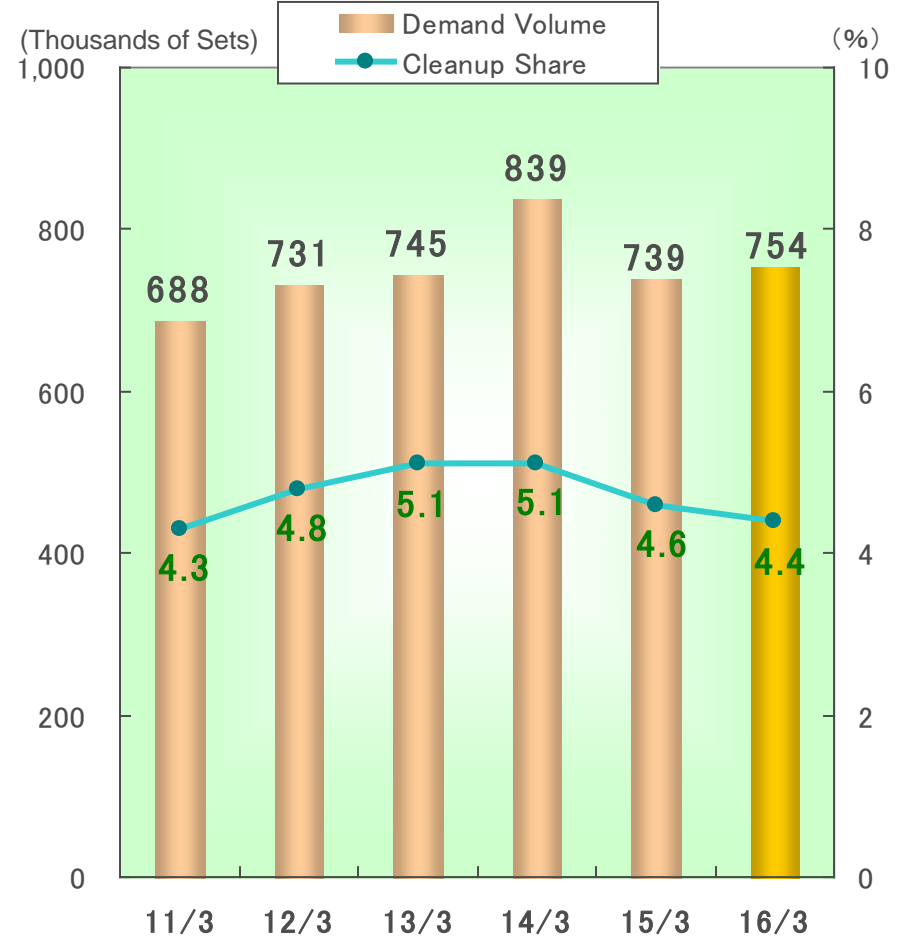


# 9. Sales Results For Major Products and Cleanup Market Share - 2/3

## Modular System Bathroom Sales Results

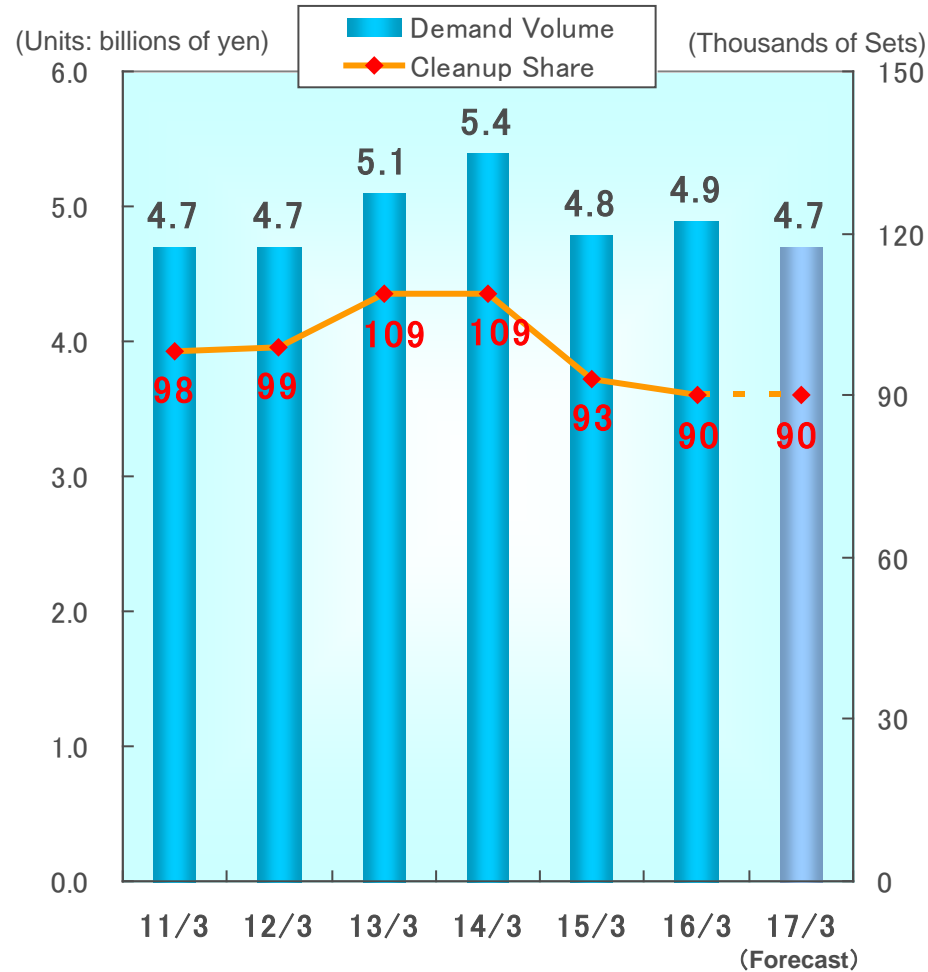


## Demand Trends and Market Share

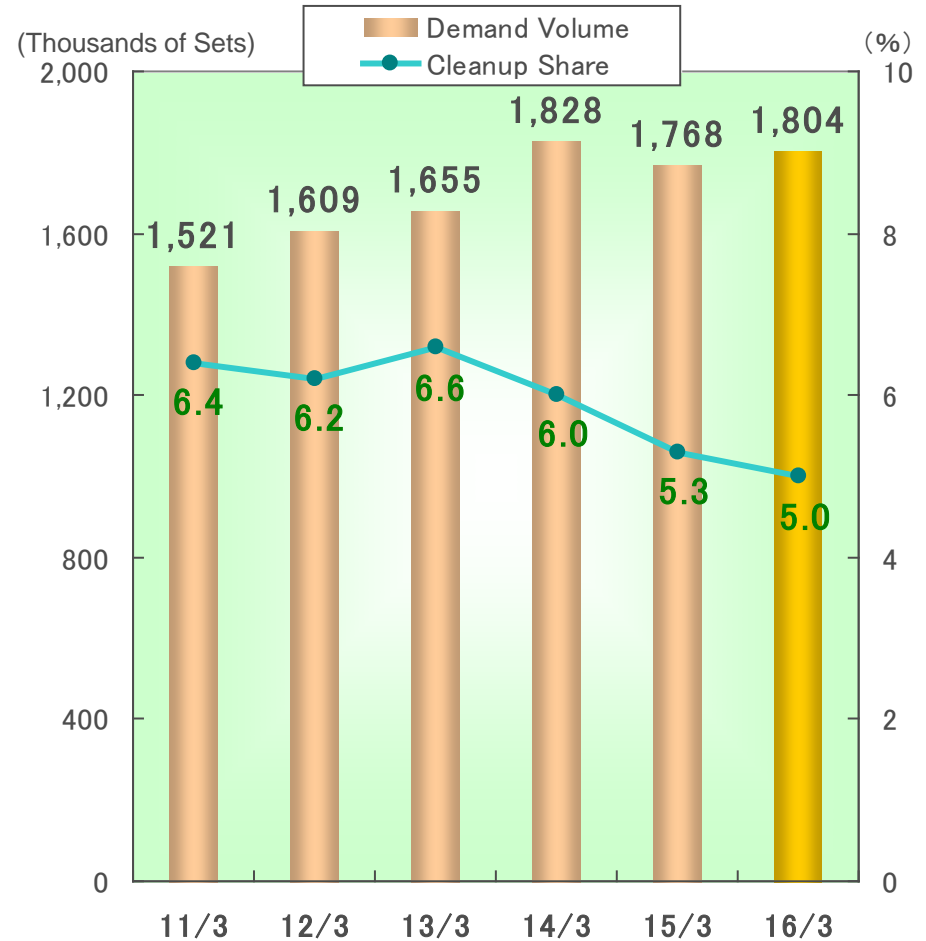


# 9. Sales Results For Major Products and Cleanup Market Share - 3/3

## Washstands/Vanities

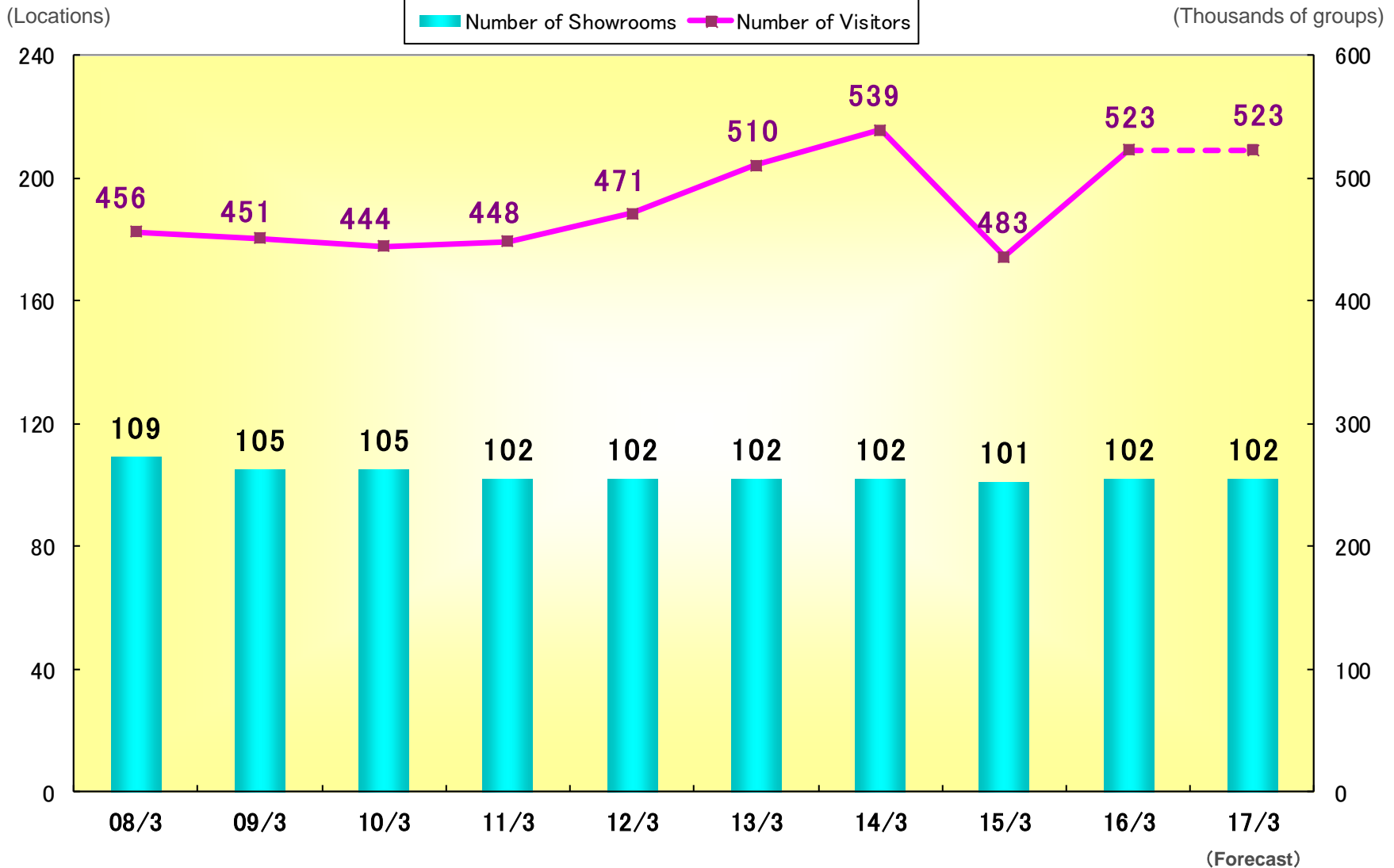


## Demand Trends and Market Share





# 10. Showrooms And Visitor Numbers



# 11. Forecasted Consolidated Results for the Period Ending March 2017

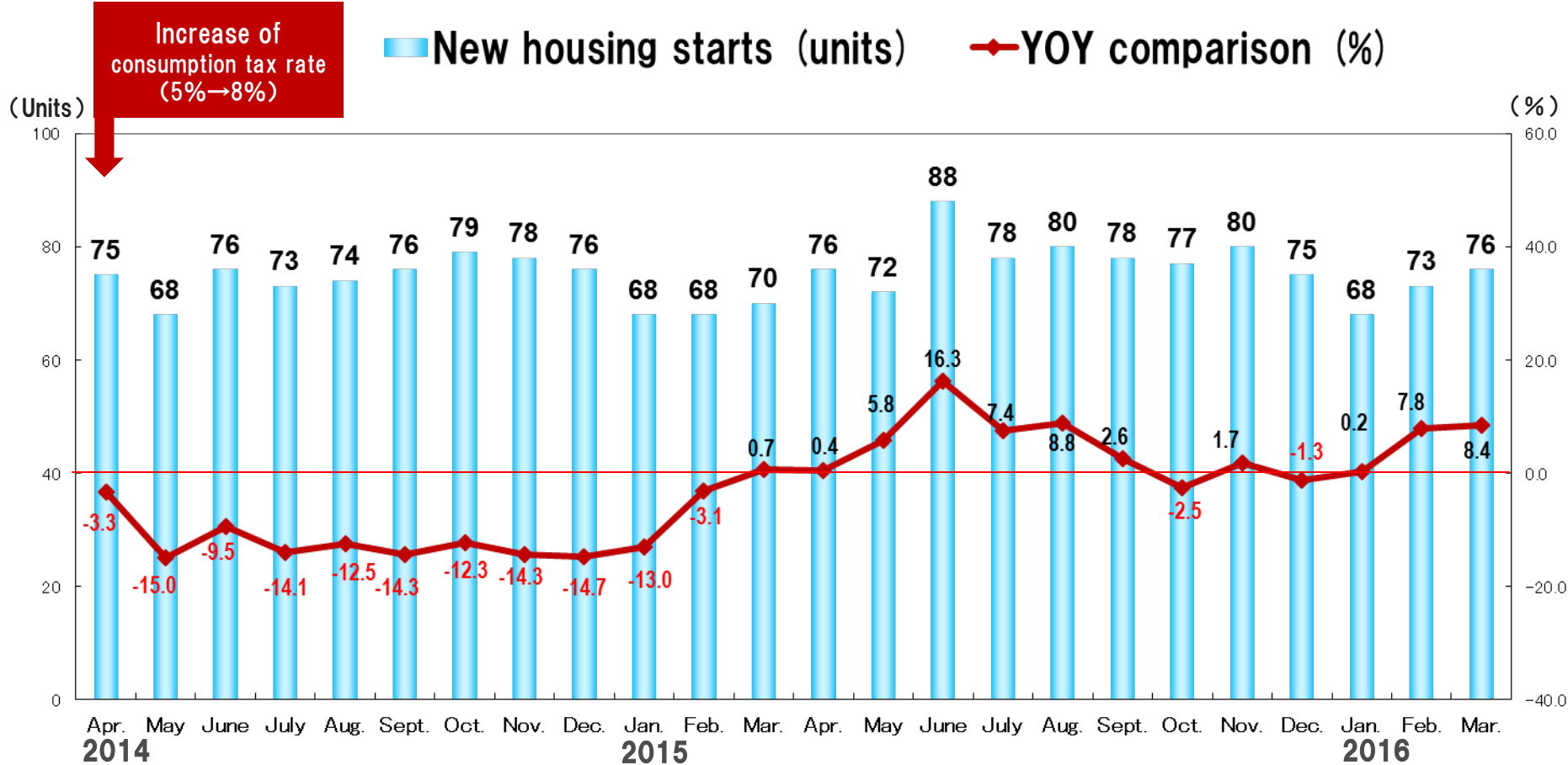
(Units: millions of yen)

	<b>2016/3</b> (Actual Results)	<b>2017/3</b> (Forecast)	<i>Change From Prev. Period</i>
<b>Net Sales</b>	<b>114,445</b>	<b>119,000</b>	<b>+4.0%</b>
<b>Operating Income</b>	<b>1,129</b>	<b>2,500</b>	<b>+121.4%</b>
<b>Operating Income Margin</b>	<b>1.0%</b>	<b>2.1%</b>	—
<b>Ordinary Income</b>	<b>867</b>	<b>2,200</b>	<b>+153.5%</b>
<b>Ordinary Income Margin</b>	<b>0.8%</b>	<b>1.8%</b>	—
<b>Profit attributable to owners of parent</b>	<b>340</b>	<b>1,200</b>	<b>+252.2%</b>
<b>Net Income Margin</b>	<b>0.3%</b>	<b>1.0%</b>	—

## II . Future Strategy

**Summary of Medium-Term Management Plan /  
Business Performance for FY2015 and Activities for FY2016**

## New housing starts



**Negative growth for 12 consecutive months  
(880,470 units)**

**Sluggish growth since the rebound  
(920,537 units)**

The “Medium-Term Management Plan 15” was partially revised to enable innovations to be implemented more rapidly for the next spurt of growth, as the business environment is expected to become more severe with intensifying competition from comprehensive manufacturers.

### ● Fundamental concept

**Innovative revenue structure of key businesses to facilitate a shift to the new stage of growth**

### ● Key policies

**Fundamental reforms**



**Growth strategies**

### Innovations geared towards an added value (revenue) focused management

#### Fundamental reforms

##### Profit structure improvements

#### ● Maximize added value and optimize fixed assets

- Enhance sales for mid to high end products.
- Develop products that give competitive advantage in renovation market.
- Promote sales strategies with showrooms at the core.
- Enhance cost reduction activities for the entire supply chain.
- Optimize facility investments and costs.
- Review evaluation indices.

##### 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.

### Provide new value by utilizing the strengths of a dedicated kitchen manufacturer

#### Growth strategies

- Capture overseas markets.
- Create new businesses.

## “CLEANLADY” launched in May 2015



Stainless Cabinet Kitchen

クリンレディ

流レール シンク  
水のチカラでキレイをキープ



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< The “CLEANLADY” and “Nagarail Sink” continue to receive awards one after another! >

FY2015  
Good Design Best 100

2015  
Nikkei Superior Products and Services Award  
Outstanding Performance Prize

26th Naming Grand Prix Selection by Readers  
of Nikkan Kogyo Shimbun  
Second Prize in Lifestyle Division

Remodelling Grand Prix 2016  
of the Remodelling Business Journal  
Domination of Kitchen Division  
(Top-end, mid class and popular classes)

## NEW “CLEANLADY”



流レール シンク  
水のチカラでキレイをキープ

## NEW “S. S.”



High profile “Nagarail Sink” incorporated as standard feature in the top end system kitchen “S.S.”

⇒ New product launch in February 2016

The model change is based on our kitchen concept and know-how, through the utilization of our sanitation products ⇒ New product launch in February 2016

## New “S” vanity washstand



## New “Aquila Bath” system bathroom



Stainless ceiling (optional)



## Proactive renovations to the showrooms continue to promote improvements for the attractive features (implemented at 61 sites in about five years)

### 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)

The flagship showroom in the metropolitan area was expanded and completely renovated in October 2015

### “Cleanup Kitchen Town Tokyo”



Flagship showroom for western Japan

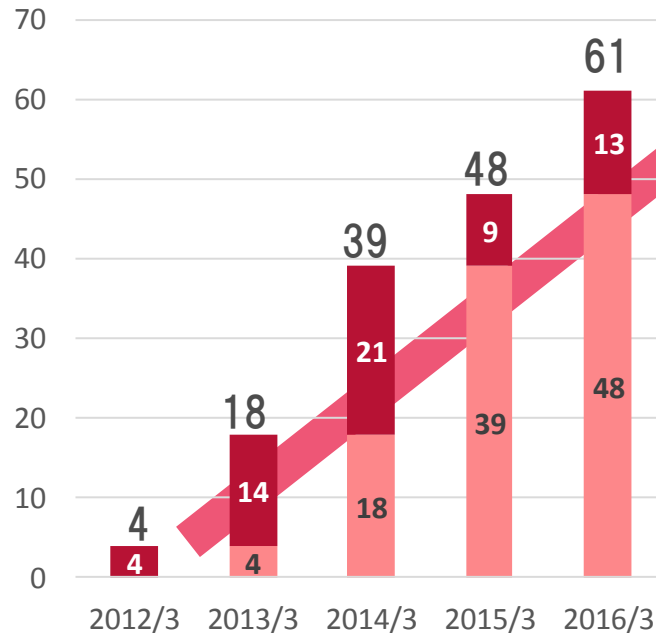
Flagship showroom for eastern Japan

From July 2012  
**Kitchen Town Osaka**

From October 2015  
**Kitchen Town Tokyo**

### Transition in the number of refurbished showrooms

(Number of sites)



Activities to complete renovations continue at all locations.

## Renovation expansion is the target through collaborations with distribution partners

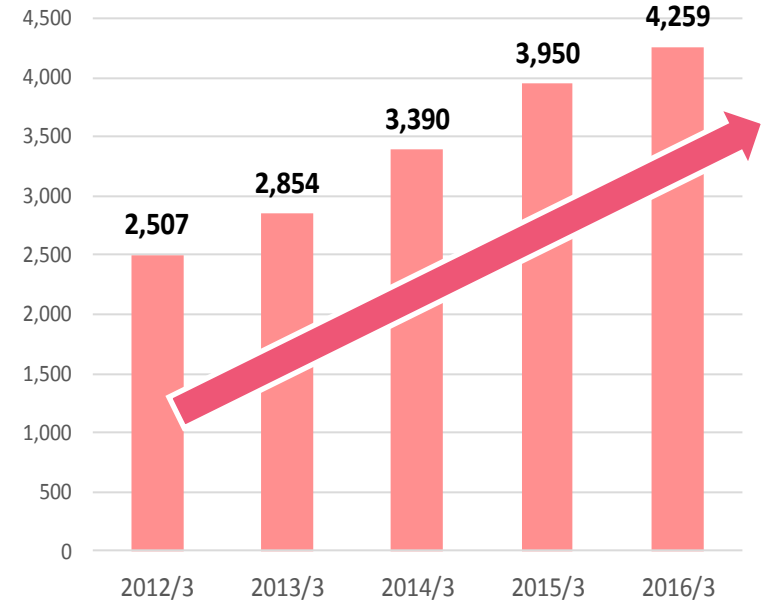


Community based implementation from the showrooms in each region

**Transition in the number of full members registered with "Water Section Workshops"**

(organize building contractors and renovators in the respective regions)

(Number of companies)



Renovation fair sponsored by the Water Section Workshop



Renovation seminar for members

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

Construction of a new press line at the Tsuyama factory has been completed, enhancing the supply organization for western Japan

#### [Features of new press line]

- Highly efficient and superior quality integrated production organization utilizes large scale state of the art press facilities and robots

#### [Scheduled launch of full-scale operations]

- July 2016

Organizational bipolarization of production sites

Shoo Town and Tsuyama City, Okayama Prefecture

Iwaki City, Fukushima Prefecture



Tape cutting at construction completion ceremony



Tsuyama Factory

Building name: Tsuyama Factory of Cleanup Okayama Industrial Co., Ltd.  
Location: 558-3 Kanai, Tsu City, Okayama Prefecture  
Site area: 27,931.38㎡ Total floor area: 9,100.19㎡  
Product line: System kitchen stainless counters

## Improvements are urged for the infrastructure that is exclusive to a dedicated manufacturer

Improved efficiency

- **Promote CPS activities at the essence of craftsmanship for products (commodities)**

- ⇒ Improve efficiency of the supply chain overall, from production to the delivery of products.

- **Increase level of productivity through improved sales operations**

- ⇒ Implement “Sales Partner” (SP) personnel at 27 sales offices with plans for further expansion

- ⇒ Encourage improvements to operational efficiency through the utilization of IT (CMS activities)

Personnel training

- **Enhance personnel staffing with about 400 Showroom Advisors**

- ⇒ “Food Education Instructors” and “Sorting and Storing Advisors”

- **Promote active participation by women**

- ⇒ Encourage the appointment of female managers



## Implement Activities to Create “Spiritually Enriching Food Culture”

### (1) Participation in “Bento Day Support Project”



Food education activities for children have been encouraged through such efforts as participation in forums, sponsored by the project, as well as lectures and support for cooking classes at the Dairoku Zuiko Elementary School of Arakawa City in Tokyo.

### (2) Co-sponsorship of movie “Hanachan-no Misoshiru”



Support has been provided for the production of the movie, since the topic of the movie, which is “to eat is to live”, resonated with our beliefs. A broad range of communication strategies have been implemented through such events as eco-product exhibits and film previews.

### (3) Substantiation of seminar programs provided at showrooms



Seminars with the theme of food and lifestyle culture are systematically formulated at the “Kitchen Town Tokyo”. The seminar program has been substantiated through the addition of the “Tokyo Shokutakugaku” (Tokyo Academy of Dining Tables) to enhance our point of contact with consumers.



## Co-sponsored by the Ministry of Agriculture, Forestry and Fisheries

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”.



### 3. Current Status of Principal Activities (6. Overseas Business Operations)

#### ● 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

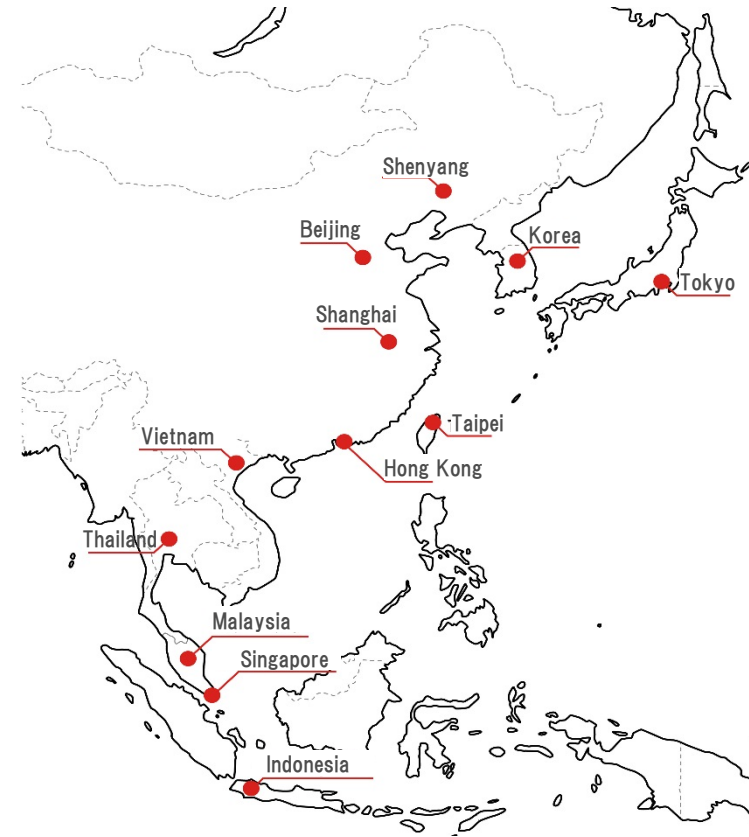
- The site has been upgraded to the status of a branch to facilitate more concentrated efforts for increasing sales through a broader range of sales activities.
- Collaboration with distributors has been enhanced and sales activities implemented for major real estate developers.

#### ● Singapore and Malaysia

- Sales activities intended for real estate developers have been intensified through collaboration with designers and local distributors in the central market for ASEAN nations.

#### ● Other Asian Countries

- Distributors established at principal nations to implement sales activities are intended primarily for high income brackets.



Condominium in Suzhou, China



Condominium in Taipei, Taiwan



Condominium in Hanoi, Vietnam



KL Condominium in Malaysia

For any questions concerning investor relations,  
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