



キッチンから、笑顔をつくろう

**Presentation Material:  
Announcement of FY 2018 Interim Results**

**November 15, 2018**



キッチンから、笑顔をつくろう

# I . Interim Results Outline

# 1. Outline of Consolidated Results for Interim Period Ended September 2018

(Units: millions of yen)

	2018/9 (Actual Results)	2017/9 (Actual Results)	Change From Prev. Period	2018/9 (Previous Forecast)	2018/9 (Revised Forecast)	Compared To Revised Plan
Net Sales	49,882	53,085	△6.0%	53,800	49,800	△7.4%
Operating Income	△1,159	601	—	300	△1,160	—
Ordinary Income	△1,095	626	—	280	△1,100	—
Profit attributable to owners of parent	△1,286	316	—	70	△1,290	—
Interim Net Income Per Share	△35.16yen	8.64yen	—	1.91yen	△35.25yen	—

\* Previous Forecast: Announced May 8, 2018

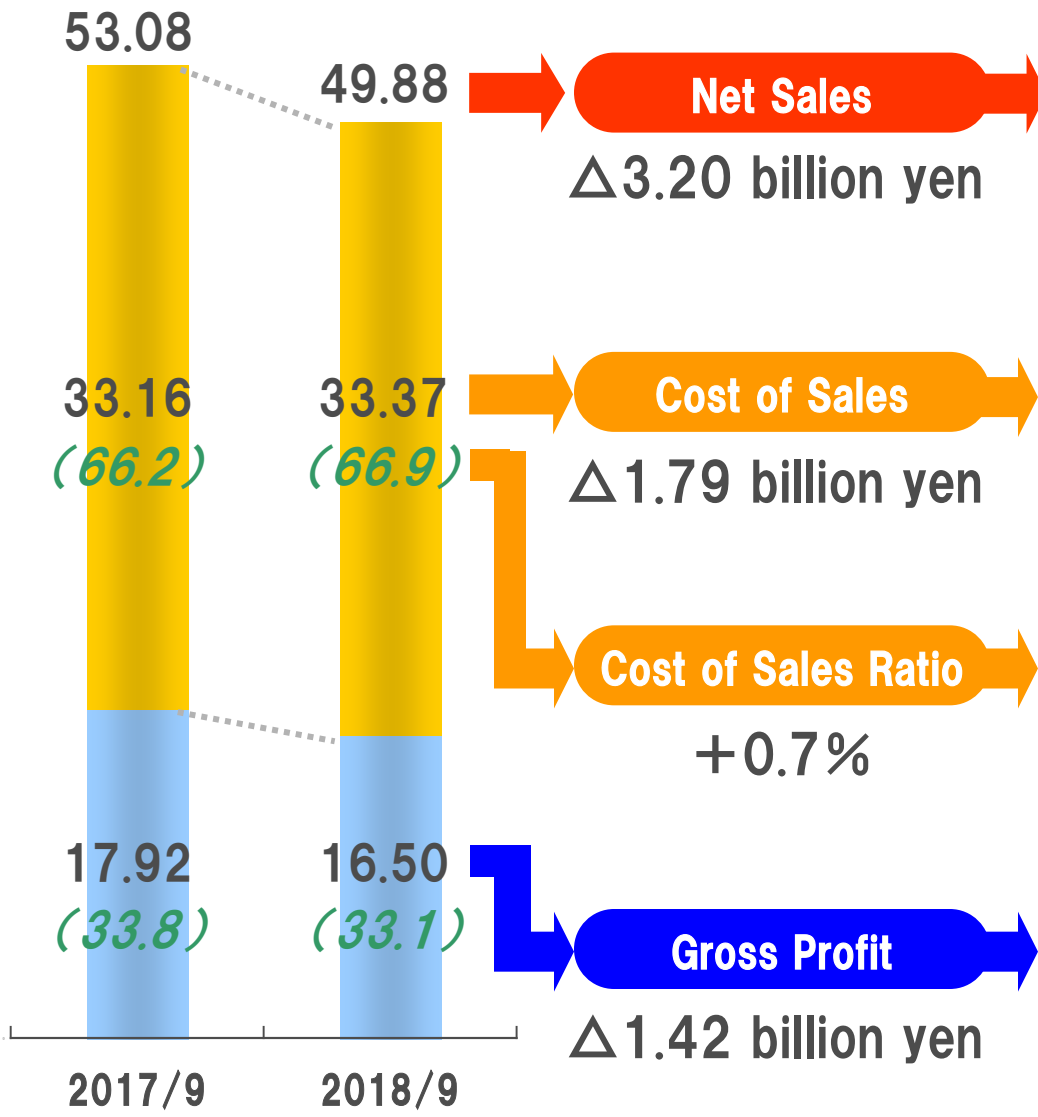
\* Revised Forecast: Announced October 31, 2018

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



- System Kitchens Δ 1,990 million yen
- System Bathrooms Δ 270 million yen
- Washstands/Vanities Δ 60 million yen etc.

- Decrease Due to Decreased Net Sales Δ 2,120 million yen
- Increase Due to Increased Cost of Sales Ratio + 330 million yen

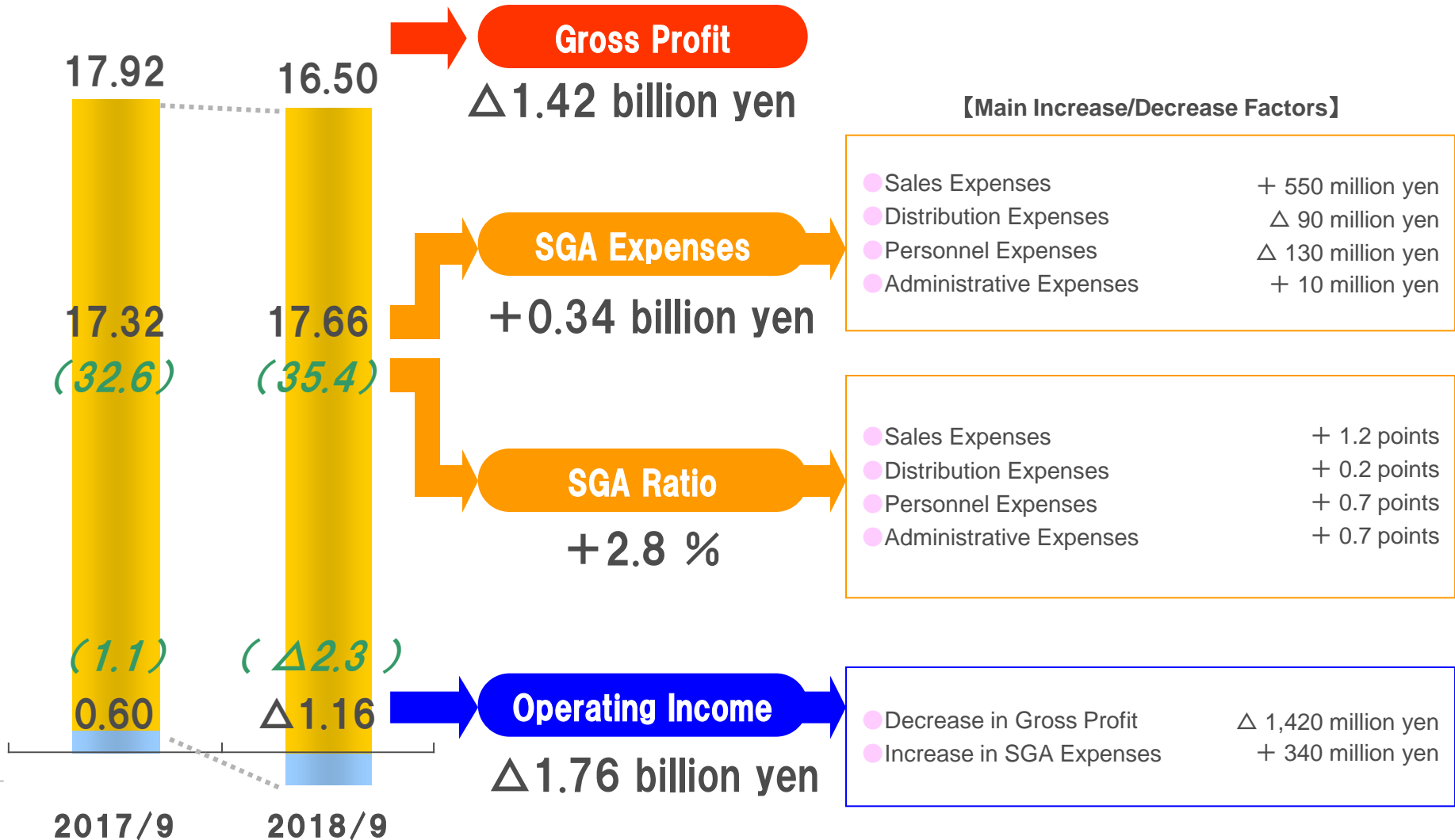
- Decrease in S.S., CENTORO Cost of Sales Ratio Δ 0.19 point
- Increase in RAKUERA Cost of Sales Ratio + 0.44 point
- Decrease in System Bathrooms Cost of Sales Ratio Δ 0.35 point
- Supply Segment + 0.01 point
- Influence of raw materials and others + 0.44 point etc.

- Decrease Due to Decreased in Net Sales Δ 1,080 million yen
- Decrease in Gross Profit Ratio Δ 330 million yen

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

(Units: billions of yen)

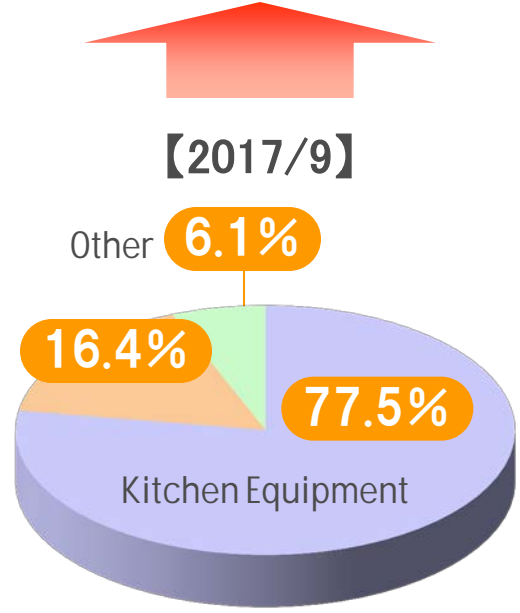
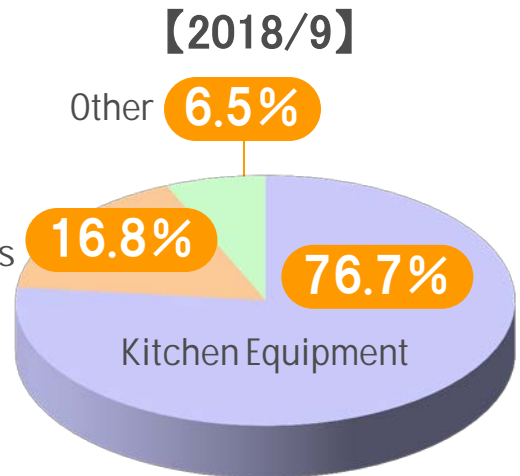
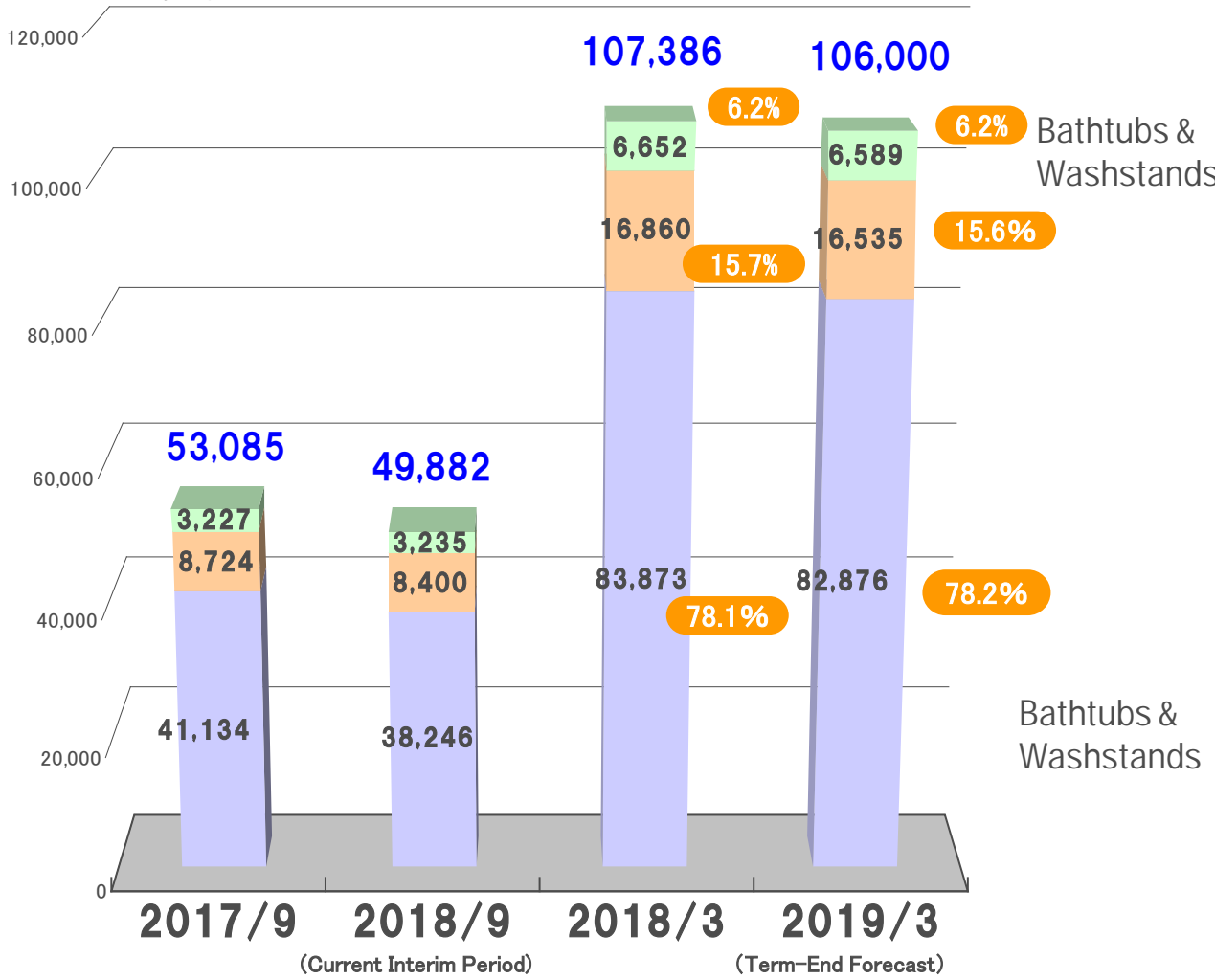
【Increased/Decreased Values (Rates)】



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

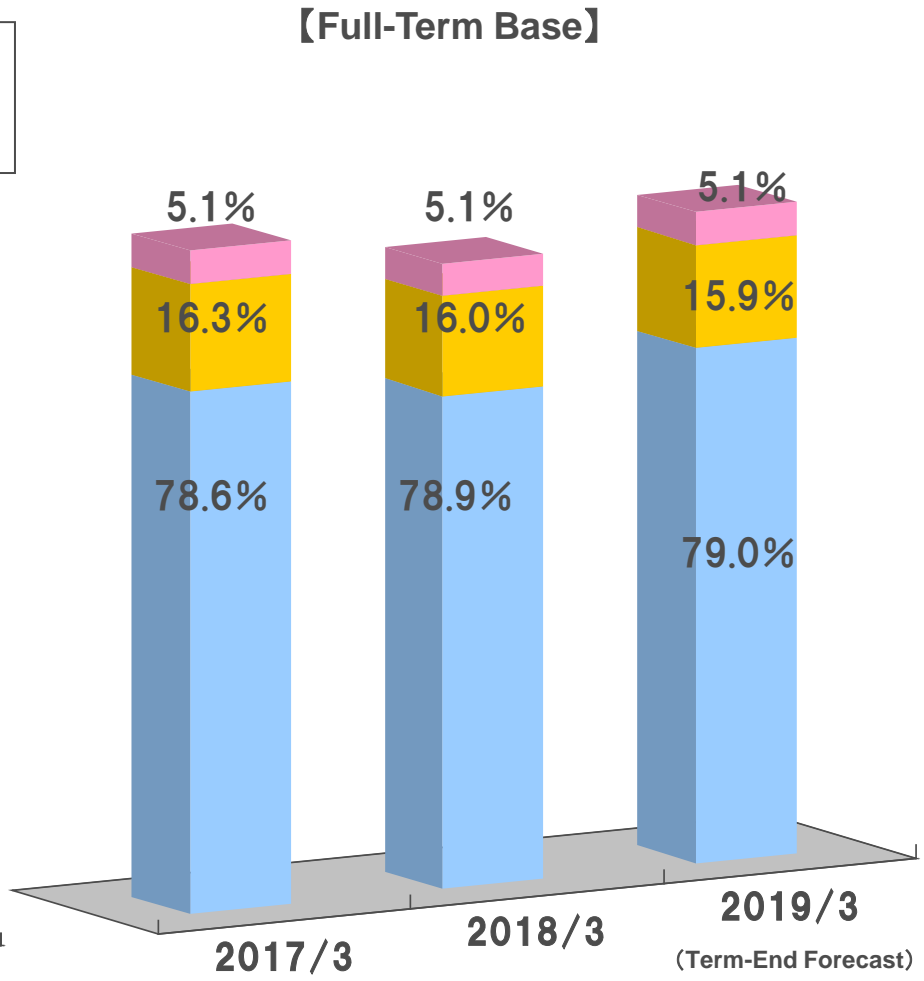
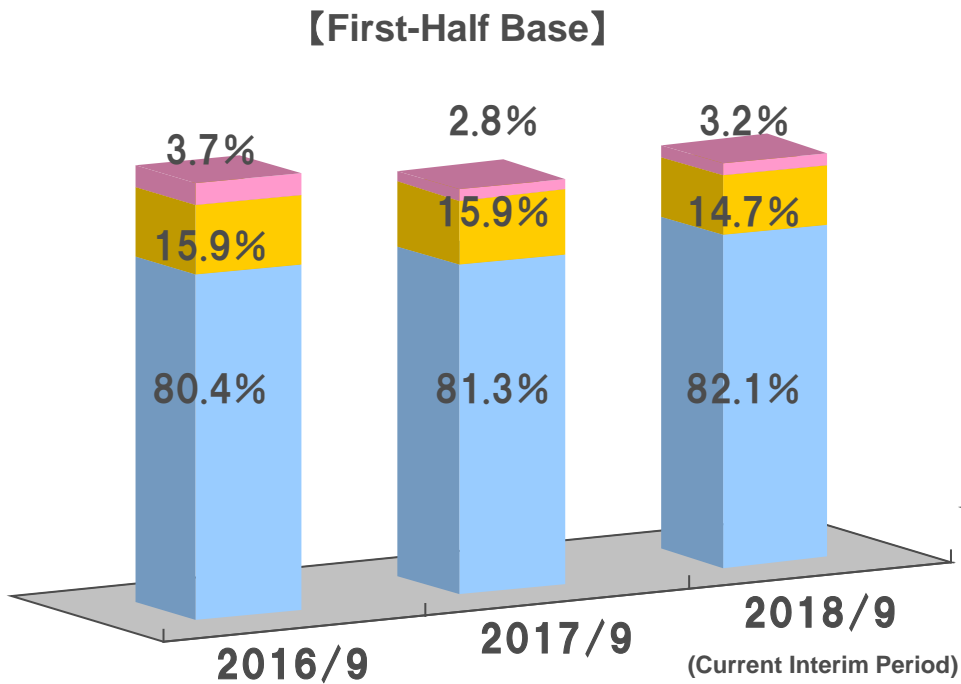
■ Kitchen Equipment   
 ■ Bathtubs & Washstands   
 ■ Other

(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)



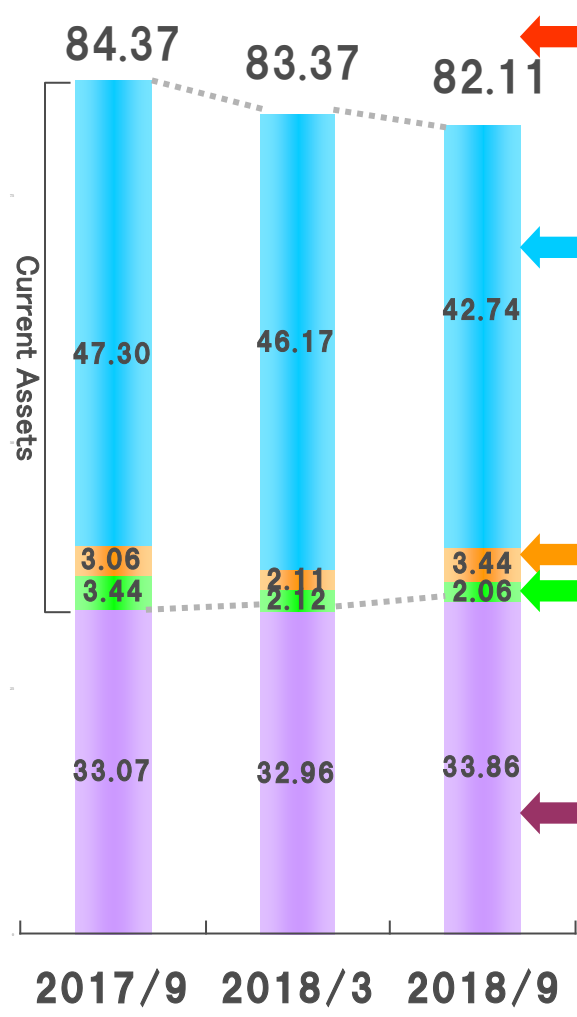
# 4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

## 【Assets】

## 【Increased/Decreased Values】

## 【 Main Increase/Decrease Factors 】



**Total Assets**  
Δ 1.26 billion yen

**Cash and Deposits  
Notes and Accounts  
Electronically Recorded  
Monetary Claims**  
Δ 3.43 billion yen

**Inventory**  
+ 1.33 billion yen

**Other Current Assets**  
Δ 0.06 billion yen

**Fixed Assets**  
+ 0.89 billion yen

● Current Assets Δ 2,160 million yen  
● Fixed Assets + 900 million yen

● Cash and Deposits Δ 2,230 million yen  
● Notes and Accounts Receivable Δ 1,150 million yen  
● Electronically Recorded Monetary Claims Δ 500 million yen

● Increase in Merchandise and Finished Goods +1,290 million yen

● Decrease in Accounts Receivable Δ 110 million yen

● Tangible Fixed Assets + 100 million yen  
● Intangible Fixed Assets + 90 million yen  
● Securities Investments + 700 million yen

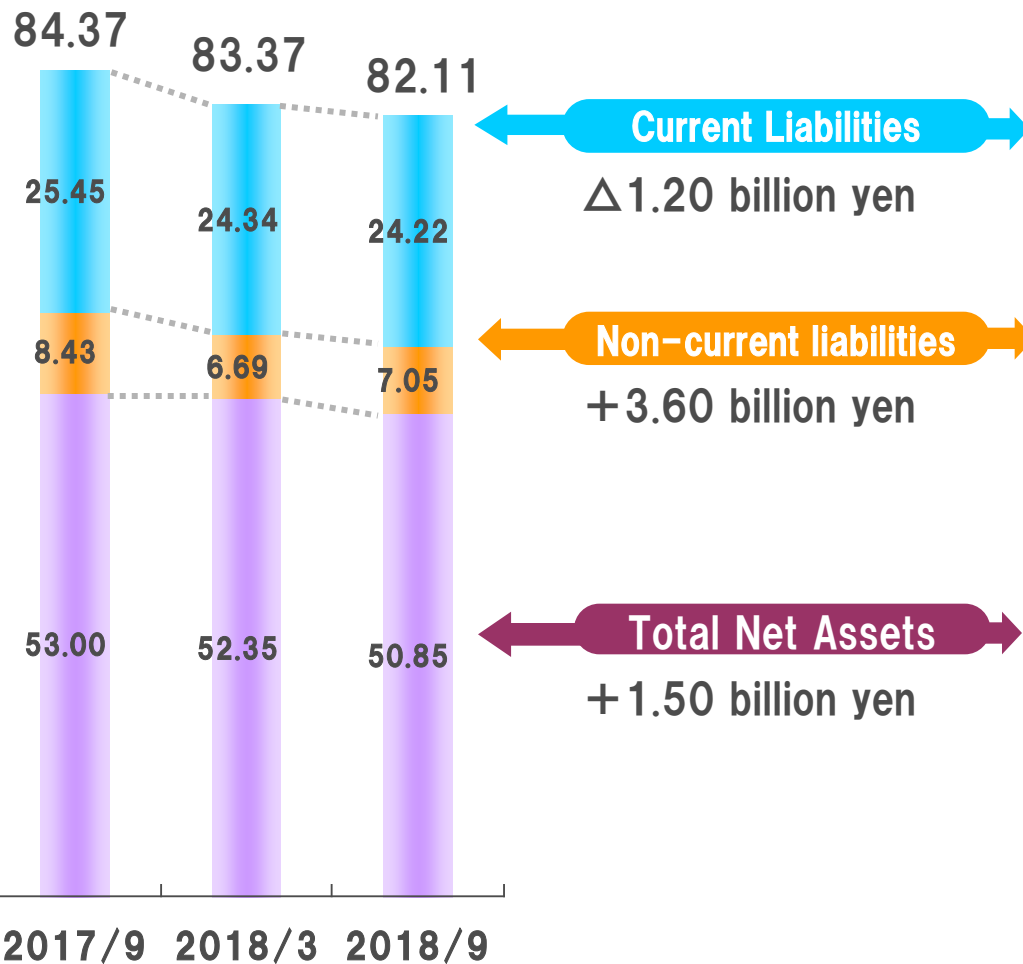


# 4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

【Liabilities・Minority Interests・Assets】

【 Increased/Decreased Values 】



【Primary Reasons for Increase/Decrease】

Short-term Borrowing	Δ 1,600 million yen
Electronically recorded obligations - operating	+ 1,150 million yen
Accounts Payable-Trade	Δ 360 million yen

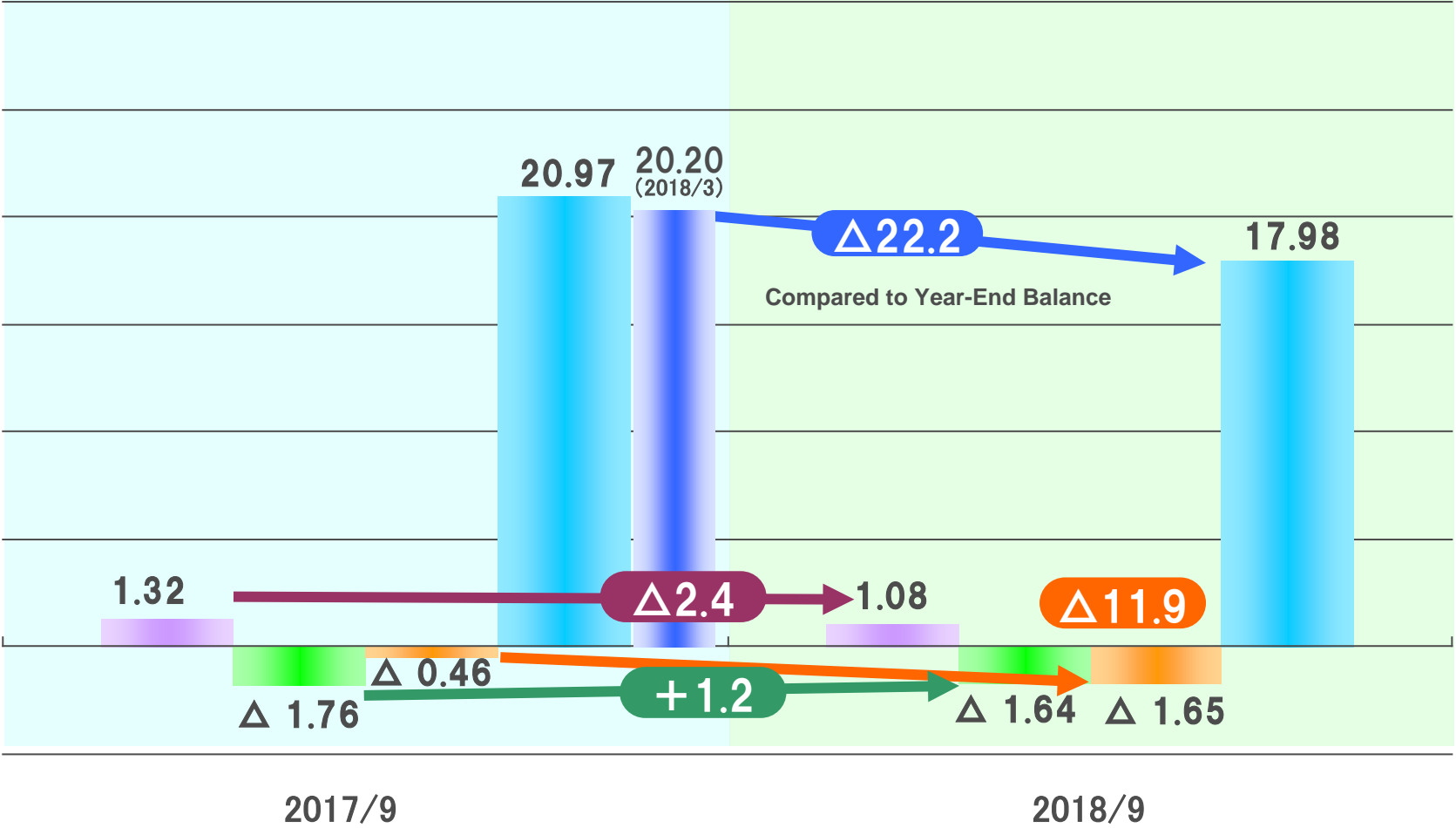
Long-term Borrowing	+ 430 million yen
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Interim Net Income	Δ 1,280 million yen
Dividends	Δ 360 million yen
Increase in Valuation difference on available-for-sale securities	+ 180 million yen

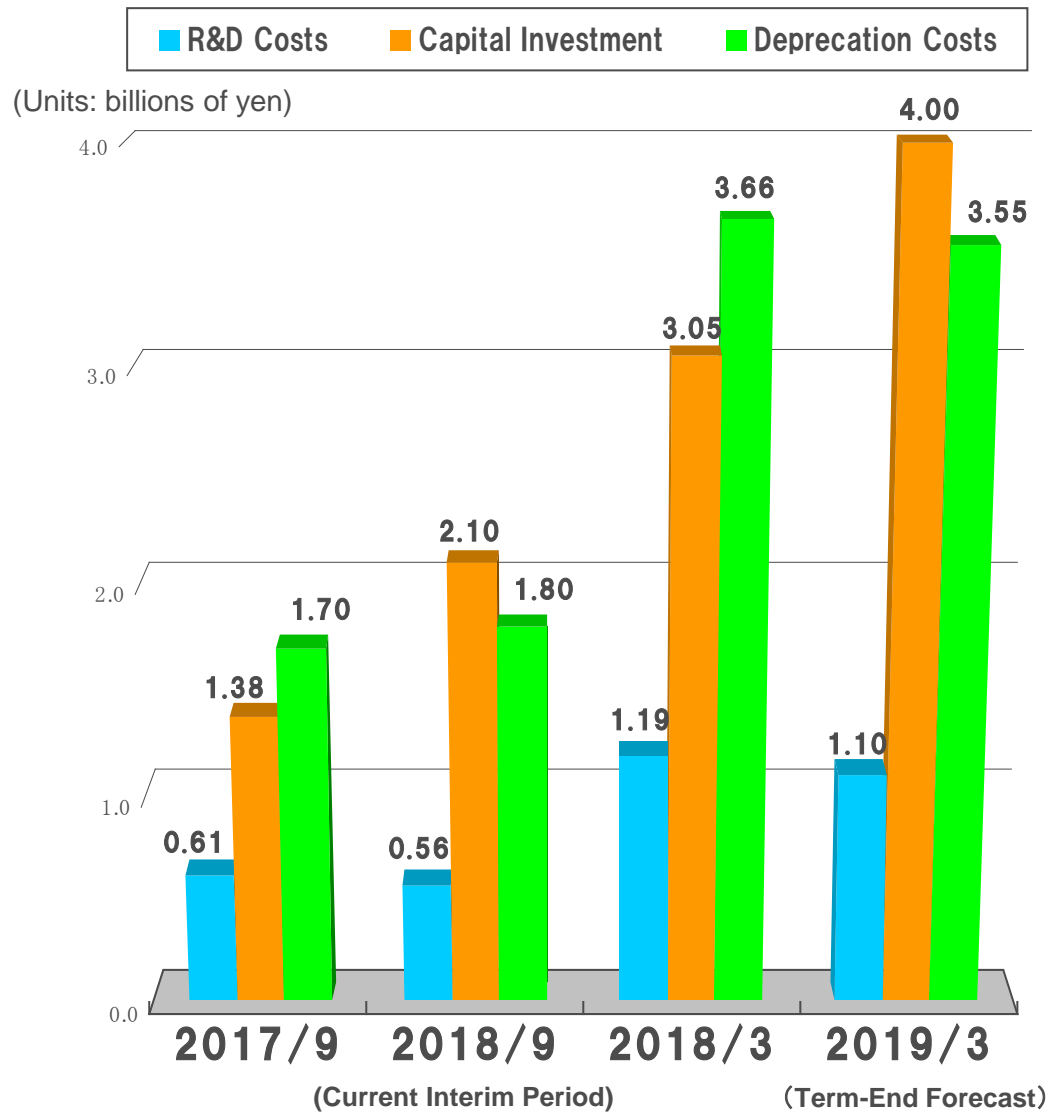
# 5. Consolidated Cash Flow Statement Summary

(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)



## 【FY2018 Major Capital Investment Details】

### First-Half Results

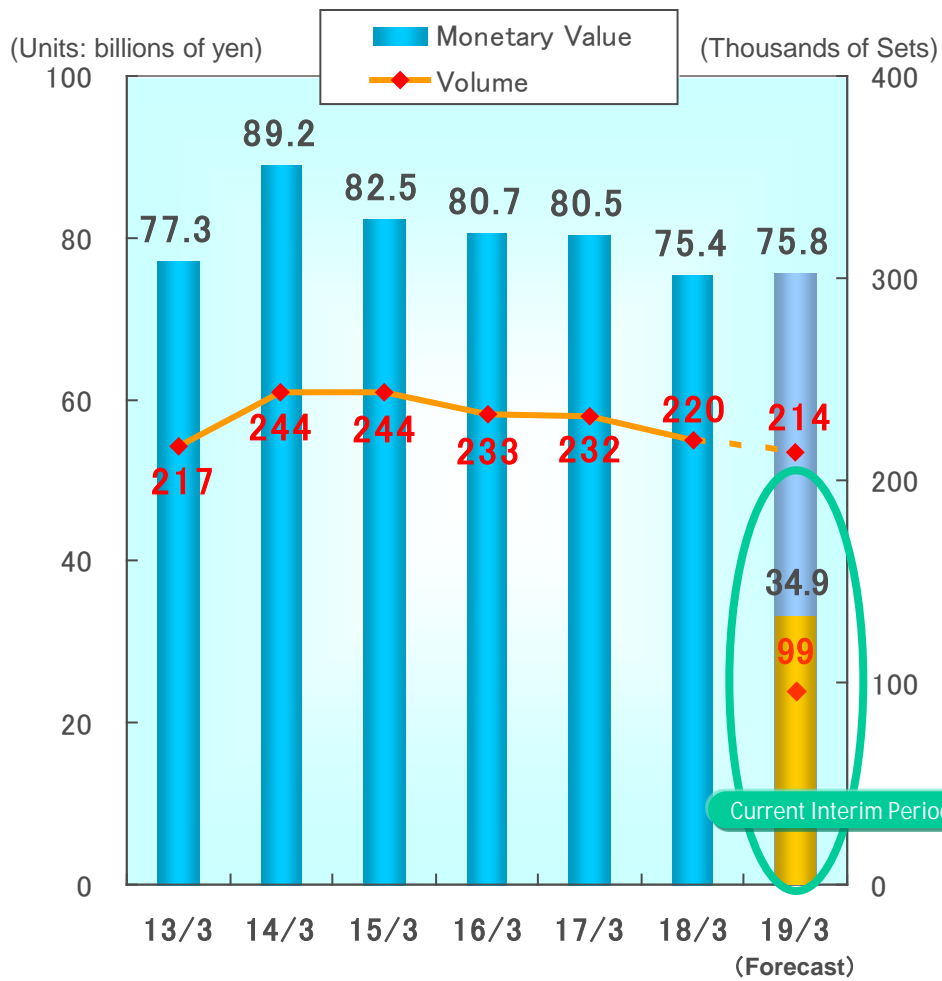
- ① Production Equipment      580 million yen
- ② Showroom Renovation      950 million yen
- ③ Information Investment      550 million yen
- ④ Others                              40 million yen

### Second-Half Plans

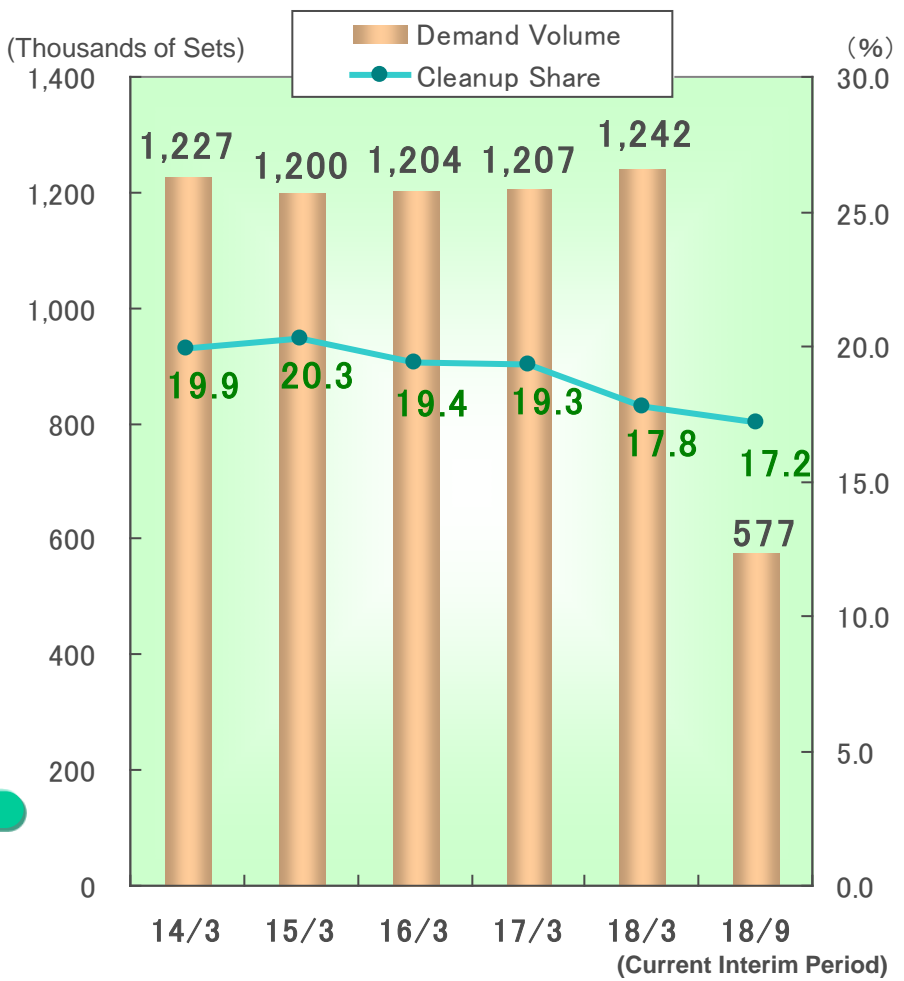
- ① Production-Related      820 million yen
- ② Operations-Related      390 million yen
- ③ Information-Related      620 million yen

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

## Complete System Kitchen Sales Results

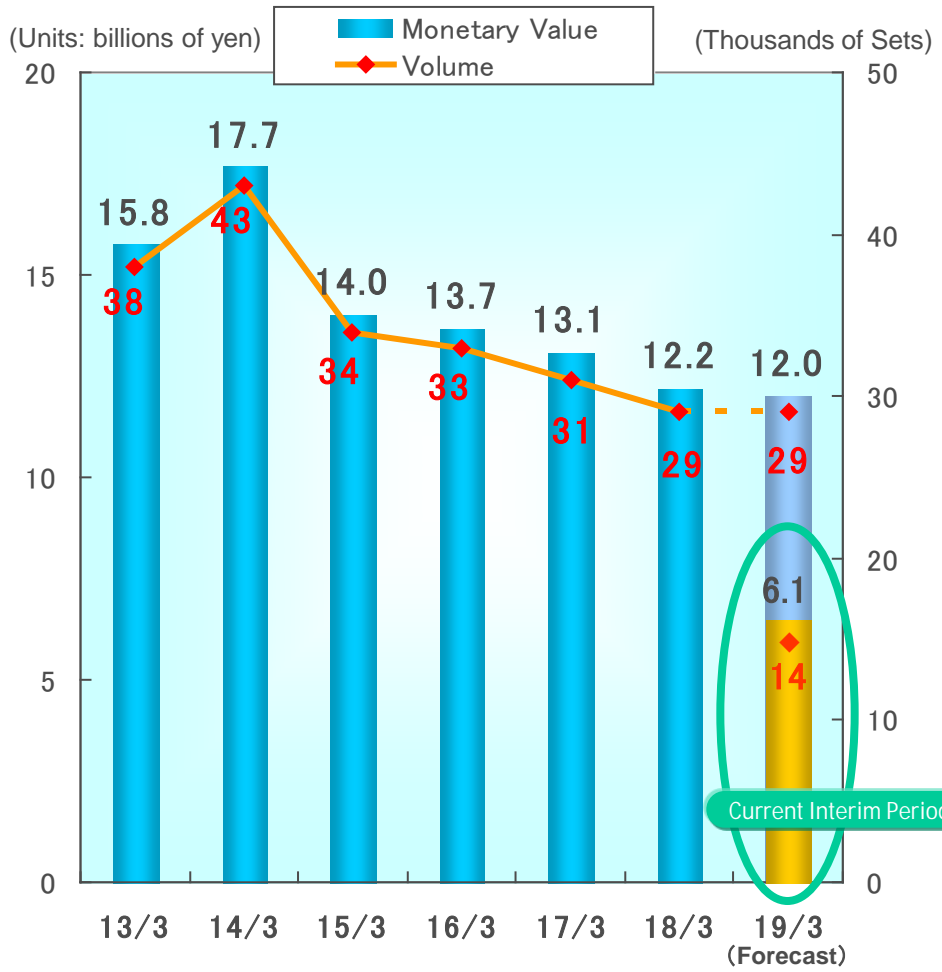


## Demand Trends and Market Share

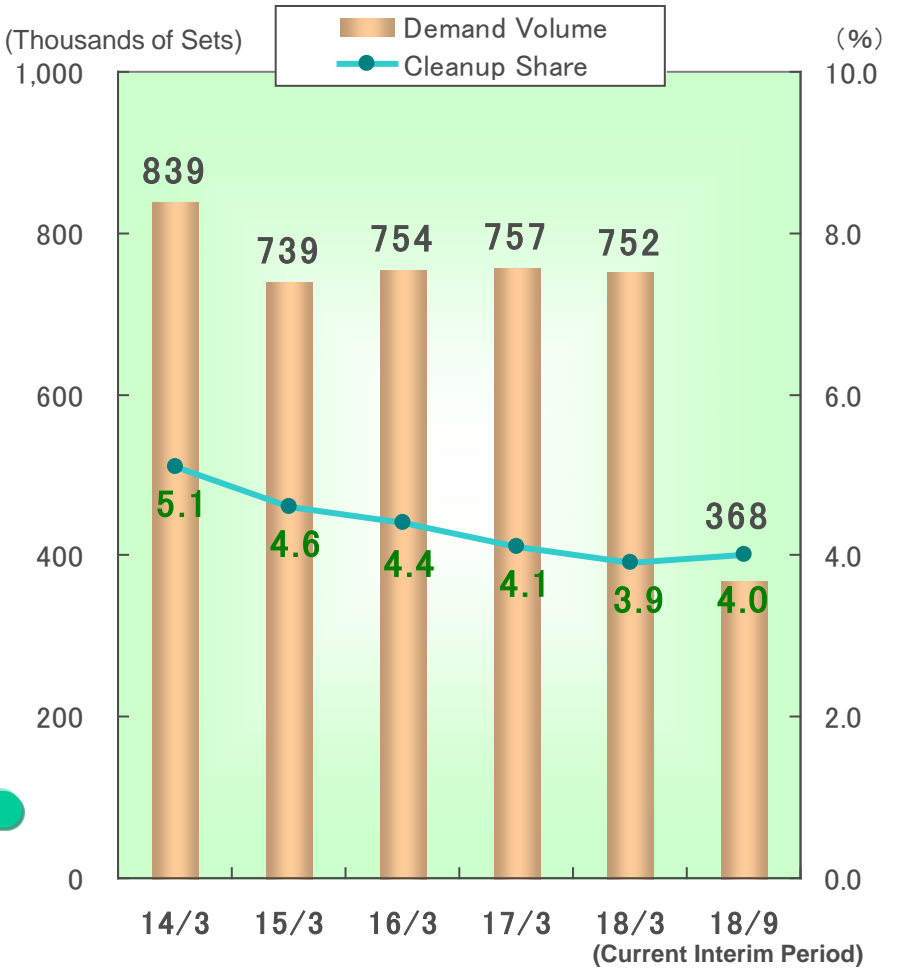


# 7. Sales Results For Major Products and Cleanup Market Share - 2/3

## Modular System Bathroom Sales Results

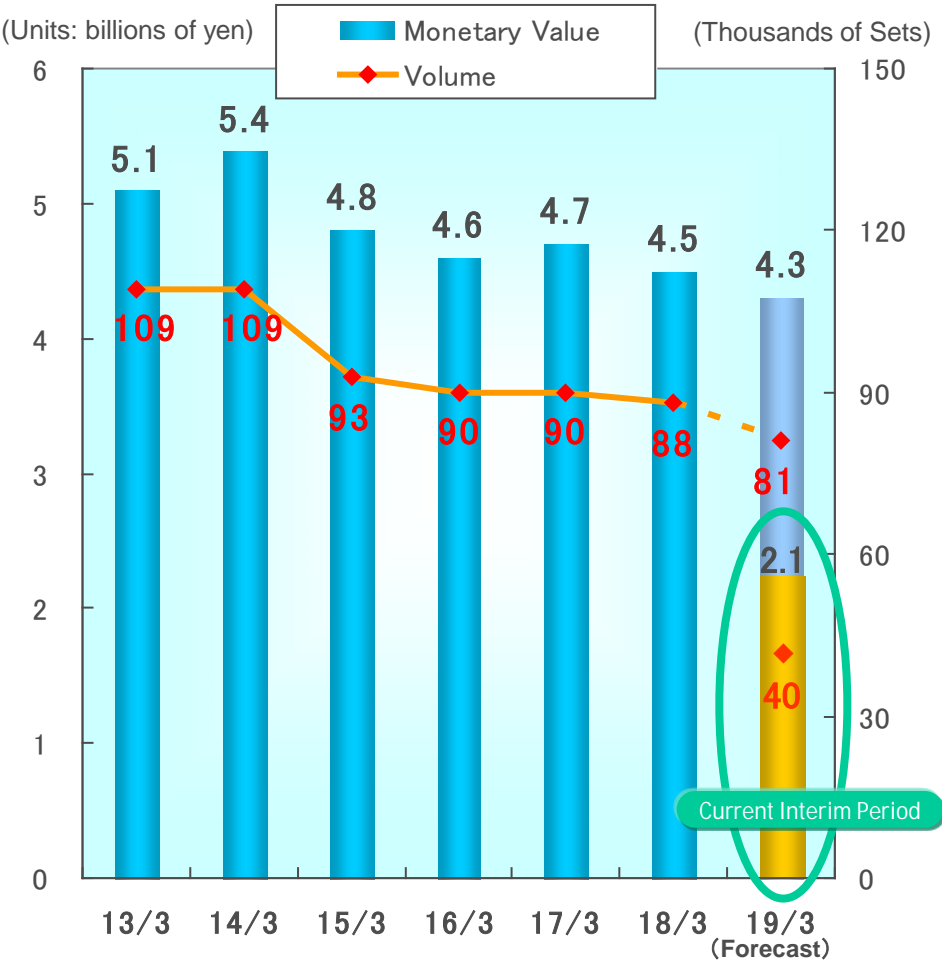


## Demand Trends and Market Share

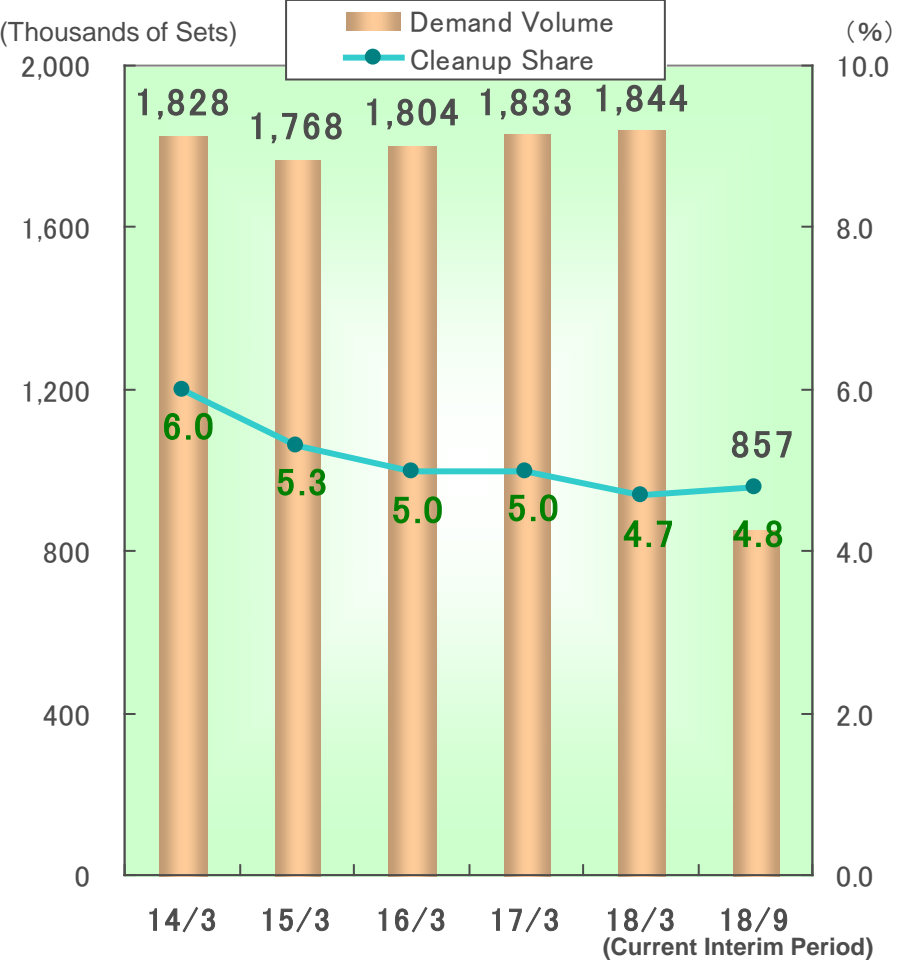


# 7. Sales Results For Major Products and Cleanup Market Share - 3/3

## Washstands/Vanities



## Demand Trends and Market Share



## 8. Forecasted Consolidated Results For The Period Ending March 2019

(Units: millions of yen)

	2018/3 (Actual Results)	2019/3 (Forecast)	Change From Prev. Period
Net Sales	107,386	106,000	△ 1.3%
Operating Income	398	△ 750	—
Operating Margin	0.4%	-0.7%	—
Ordinary Income	418	△ 720	—
Ordinary Income Margin	0.4%	-0.7%	—
Profit attributable to owners of parent	49	△ 1,220	—
Net Income Margin	0.0%	-1.2%	—



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## II. Future Strategy

Progress of Medium-Term Management Plan



# “Reformation to transform into ‘Cleanup’ a 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”.

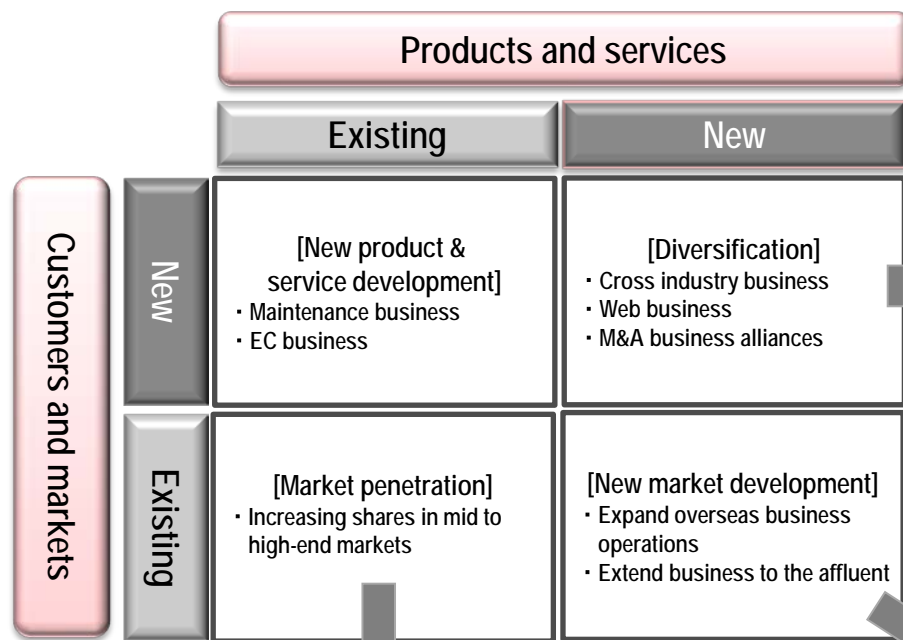
## (2) - Commitments and Framework

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



# 1. Outline of 2018 Medium-term Management Plan (2018 to 2020)

## (3) - Orientation and Domain of Strategies



### Entry into new business areas

### EC business

### Line of mid to high-end products

**CENTRO**

**STEDIA**  
ステディア

**AQUILIA-BATH**  
アクリアバス

**Tiaris**  
ティアリス

### Premium products

**Valcucine**

**PRIMITAGE**

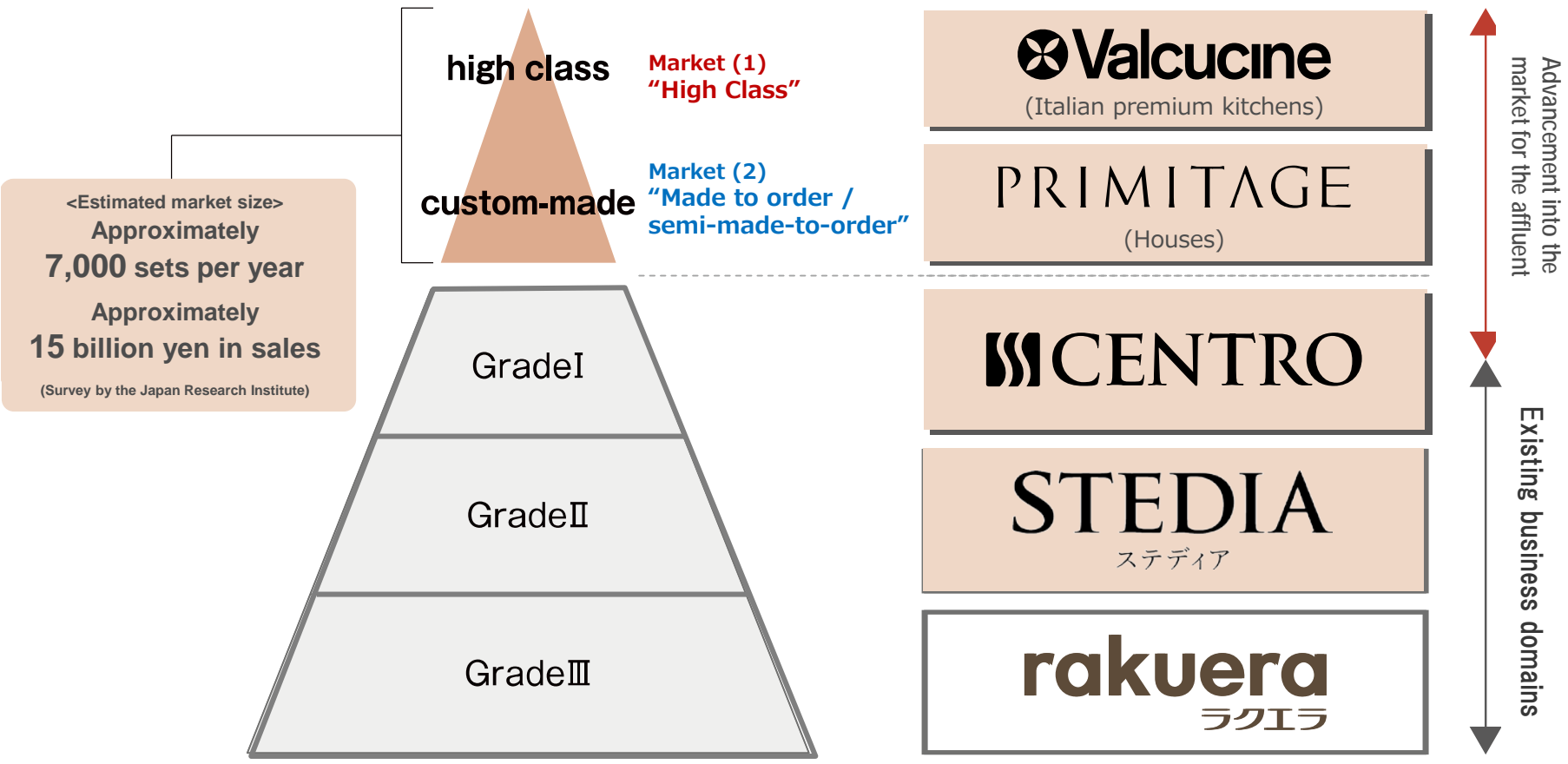
### Overseas production concept

<ASEAN member countries>

- ✓ Start with the implementation of our basic concept from the 2015 Medium-Term Business Plan and continue on to evaluations.
- ✓ Deepen the grip on business in the existing fields, while taking on the challenge of entering into new fields.

(1) - Reformation of Product Line-up

Innovate product lines ranging from ultra-high class to medium and high class markets.



## Redevelop two of our major traditional brands to create the new Cleanup

### Flagship model

**1998**  
Introduction

The first all sliding storage stainless cabinet system kitchen in the industry



Stainless System Kitchen

From February 2018:  
Brand redeveloped

**CENTRO**

### Core models of medium to superior quality

**1983**  
Introduction

The first simplified installation system kitchen in the industry

The long and best selling brand that continued to stay the top products for the longest time in the industry

Stainless Cabinet Kitchen

**クリンレディ**

From September 2018:  
Brand redeveloped

**STEDIA**  
ステディア

**A half year has elapsed since the launch of the brand. New activities will be implemented for brand penetration of the market.**

# CENTRO



The concept is "bringing the kitchen into the center of life".

Introduced as a "kitchen for enjoying a relaxed lifestyle"

Features  
of  
CENTRO

**1** Center position design

**2** Craftsmanship

**3** "Cube Design" harmoniously blends into interior decor



The post of "**CENTRO Ambassadors**" appointed to ten famous saloneses.

Disseminating attractive features of the "CENTRO"

#### Principal activities

1. The coordination of "CENTRO" exhibits, which are held at the Kitchen Town Tokyo during each scheduled month.
2. The holding and sponsoring of events at the Kitchen Town Tokyo, during each scheduled month.
3. The dissemination of details on the "CENTRO Lifestyle", through official blogs of Ambassadors.
4. Information communication at classes presided over by the respective individuals and through SNS.

**A new story of the core brand started at Cleanup from September 2018.**

# STEDIA

ステディア

Further evolution of the “Cleanlady”  
The introduction of a new core brand in the  
medium to superior quality price range



## Features of STEDIA

### Complete redesigning of floor containers.

The floor container (storage on floor level) was completely redesigned to suit an open plan kitchen, living room and dining room environment in response to the diversification of interior decorating trends.

1

### The introduction of the “Acrystone Nagarail Sink”

The “Nagarail Sink” line of products, introduced in 2015, now includes models made with Acrystone, in addition to those made with stainless steel.

2

### The incorporation of new storage functionalities, developed by considering usage frequency and ease for the extraction of contents, as standard features.

The “zone concept”, which is a storage concept we have nurtured over the years and has evolved further by incorporating a stainless steel eco-cabinet that is easily maintained and used cleanly for a long time, was added to the standard feature.

3

## Starting new advertisement and sales promotional activities to convey the attractive features of STEDIA

# STEDIA

ステディア

### "Forever unchanging and beautiful"

The new commercial released on August 21.

Ms. Takako Matsu talks about the attractive features of the stainless cabinet kitchen.



Commercial video currently released!

**"STEDIA Special Site"**

<http://cleanup.jp/kitchen/stediasp>

### Do you know? Stainless Steel Cabinet Edition

An appeal has been made to the viewers about the aspect of using stainless steel, which has a strong resistance to mold, contamination and odor, even deep into the interior of the kitchen which is ordinarily out of sight.

### Do you know? Araail Range Hood Edition

An introduction on how the interior of the range hood is kept clean with automatic cleaning.



The two pieces of equipment compatible with the CENTRO and STEDIA series products were given the Good Design Award.



**GOOD DESIGN  
AWARD 2018**

Hybrid Cooktop

## Dual Chef



The positively assessed features include a cooktop that incorporates both gas burners and IH heaters to offer a dynamic composition.

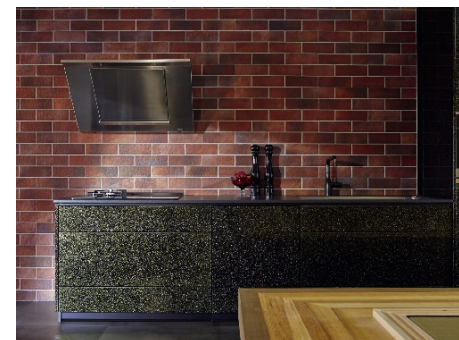
Compatible Series

**CENTRO**

**STEDIA**  
ステディア

Stainless Design Hood

## Ballena



The positively assessed features include a simple form with an inclined panel to enable head clearance while eliminating the presence of an exhaust duct.

Compatible Series

**CENTRO**

## Renovations and relocations of showrooms continue for sustained and enhanced sales capacities

### Renovations were conducted at four sites during first half of FY2018

- The “Osaka South Showroom” was relocated to Nishi-ku (south) from Kita-ku (north) of Sakai City in Osaka Prefecture and subsequently the name was changed.
- The showroom floor space has been expanded by about 50%.



**Sakai Showroom**  
(Opened May 8, 2018)



**Nerima Showroom**  
(Opened September 6, 2018)

- Supporting renovations for small residential housing, such as condominiums.
  - Combined exhibits that include compact kitchens, system bathrooms and washstands for condominiums.

- Substantiated proposals to improve traffic convenience and lifestyle values.
- New establishment of the “Kitchen Studio”, where visitors can experience using our products.



**Kanazawa Showroom**  
(Opened Sunday, September 23, 2018)



**Toyota Showroom**  
(Opened September 6, 2018)

- The exhibits of products have been enhanced for bathroom renovations.
- The enhancement of various types of exhibits, for delving deeper into the demand for renovations, include exhibits of such products as connective frames that can be utilized for renovations without destroying the existing window sashes.

### Attractive features of Cleanup products are enhanced with support framework aspects as well!

From September, 2018

The "Cleanup Smile Membership Program", a program for paid support services, is revamped.

Supported product ranges have been extended with selectable inspection periods to provide even more substantial support services.

Revamped aspect  
**1**

Supported products

Increased from three products → **Five products** for enhanced coverage!

Fitted kitchen

- CENTRO
- STEDIA
- Rakuera

System Bathroom

- Aqulia-Bath
- Yuasis

Revamped aspect  
**2**

**Two plans are newly established & added**

\* Red letters on the right represent two additional products.

[Program Outline]	Standard plan	Select plan	Light plan
<b>Scheduled inspection service</b>	Every five years (an initial inspection is conducted one month after starting the use of the products)	Every year / Every two years / Every three years / Every four years / Every five years / Whether or not the initial inspection is selectable	None
<b>Extended repair warranty period</b>	Base unit & equipment five-year extension	Selectable from the options of the base unit for 10 years & equipment for six years / Base unit & equipment for six years / Base unit & equipment for three years	
<b>Other services</b>	10% off various services, such as equipment replacements, parts replacements and the like, as well as a subscription to the lifestyle magazine "365c".		None
<b>Service fees (tax exclusive)</b>	¥2,857 (annual fee) ¥11,429 (initial fee)	¥1,200 to ¥6,000 (annual fee) ¥5,000 to ¥28,000 (initial fee) * Varies according to scheduled inspection cycles and extended number of years.	¥5,000 to ¥28,000 (initial fee) * Varies, depending on the extended number of years.

## 2. Specific Measures for "2018 Medium-Term Management Plan"

### (5) - Activities Implemented for Overseas Business Operations

- ◆ Enhance the implementation of stainless cabinets, primarily in the nations of Asia.
- ◆ Examine the overseas supply framework.

#### ● China

- Kitchen products and the like to be supplied to major house manufacturers (Suzhou, Taicang, etc.)
- Collaboration is to be enhanced with distributors, while sales are made to Japanese developers.

#### ● Taiwan

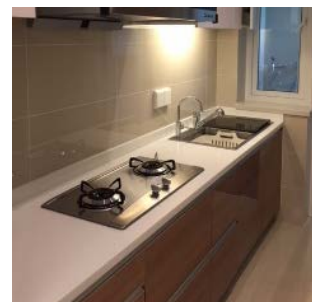
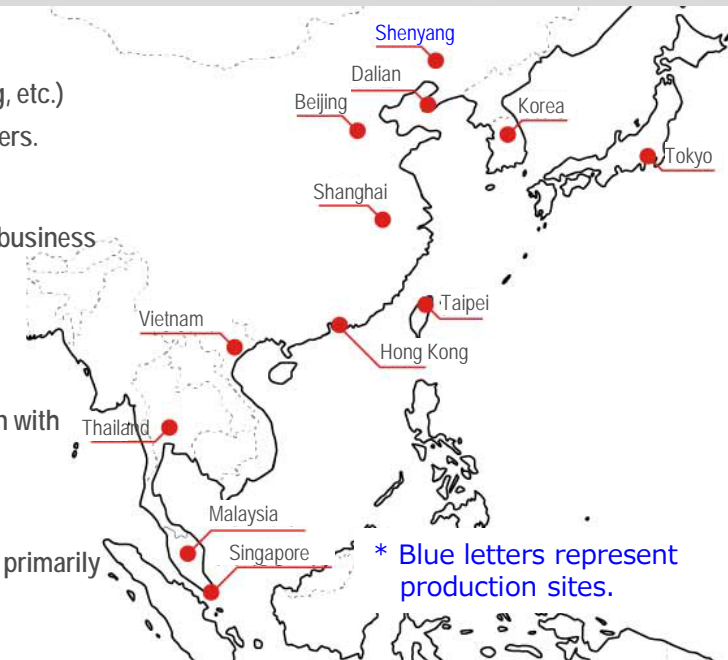
- The area of jurisdiction is to be expanded and the sales capabilities enhanced to implement business activities intended to capture property projects.
- Support for distributors is to be enhanced, as sales are made to major developers.

#### ● Singapore, Malaysia and Thailand

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

#### ● Other Asian Countries

- Distributors are to be established at principal nations to implement sales activities, intended primarily for those in the high income brackets.



Condominiums in Suzhou, China.



Condominium in Kuala Lumpur, Malaysia

# 2. Specific Measures for "2018 Medium-Term Management Plan"

## (6) - CSR Programs

### Cleanup Foundation

- A means to pay back local communities, with gratitude -

The foundation, which was established in 2012, continues to provide support for training young people, who will be carrying local communities, with restoration activities within Fukushima Prefecture. Scholarships provided to 40 people in FY2018.



Awarded scholarships for FY2018 and supported healthy training of young athletes (at Cleanup Training Center)



Out of a desire to nurture young athletes and for the early restoration of Fukushima Prefecture ...

Establishment date: December 13, 2012  
 Location: 78 Hisanohamashizu, Hisanohamamachi, Iwaki City, Fukushima Prefecture  
 Located inside the Cleanup Training Center

### Cleanup Wrestling Club

Promotion of sports by encouraging participation in wrestling.

Club founded in 1992

A wrestling club is operated as a corporate sports activity. Four of our athletes are currently training to qualify for participation at the 2020 Tokyo Olympic Games. Kids wrestling is also supported in Iwaki City of Fukushima Prefecture, the location for one of our production sites.



■ Principle results (since April 2018)

- <Wrestler Hiroe Minagawa>  
 October 2018: Awarded a silver medal two years in a row at the "World Championship"  
 August 2018: Awarded the silver medal at the "Asian Games"  
 August 2018: Awarded "Minister of Education, Culture, Sports, Science and Technology Award" (recipients include Manager Imamura)  
 June 2018: Awarded the First Prize seven years in a row for the first time as a female athlete at the "Meiji Cup"
- <Wrestler Masuto Kawana>  
 October 2018: Awarded First Prize at the "National Sports Festival of Japan at Fukui"  
 July 2018: Awarded Third Prize at the "Japan Wrestling Federation Championship"

- <Wrestler Kirin Kinoshita>  
 September 2018: Awarded First Prize at the "World University Championships"  
 June 2018: Awarded Third Prize at the "Meiji Cup"  
 May 2018: Awarded a silver medal, as a male member of Team Japan at the "Wrestling World Cup"
- <Wrestler Kanta Shiokawa>  
 October 2018: Awarded First Prize at the "National Sports Festival of Japan at Fukui"  
 June 2018: Awarded Third Prize at the "Meiji Cup"

Cleanup Kids Iwasaki Wrestling Club

Social contributions to the local community, as well as activities to facilitate the healthy growth of children who carry our future with support for the creation of a brighter future, are facilitated through the administration of the kids wrestling program.



For any questions concerning investor relations, please contact:

# Cleanup Corporation

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Tel 03-3894-4771

URL <http://cleanup.jp/>

## Disclaimer

This material is intended to provide information regarding the FY2018 financial results (April 2018 – September 2018) 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 15, 2018. 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.