



キッチンから、笑顔をつくろう

Presentation Material:
Announcement of FY 2017 Year-End Results

May 17, 2018



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I . Results Outline

1. Outline of Consolidated Results for the Period Ended March 2018



(Units: millions of yen)

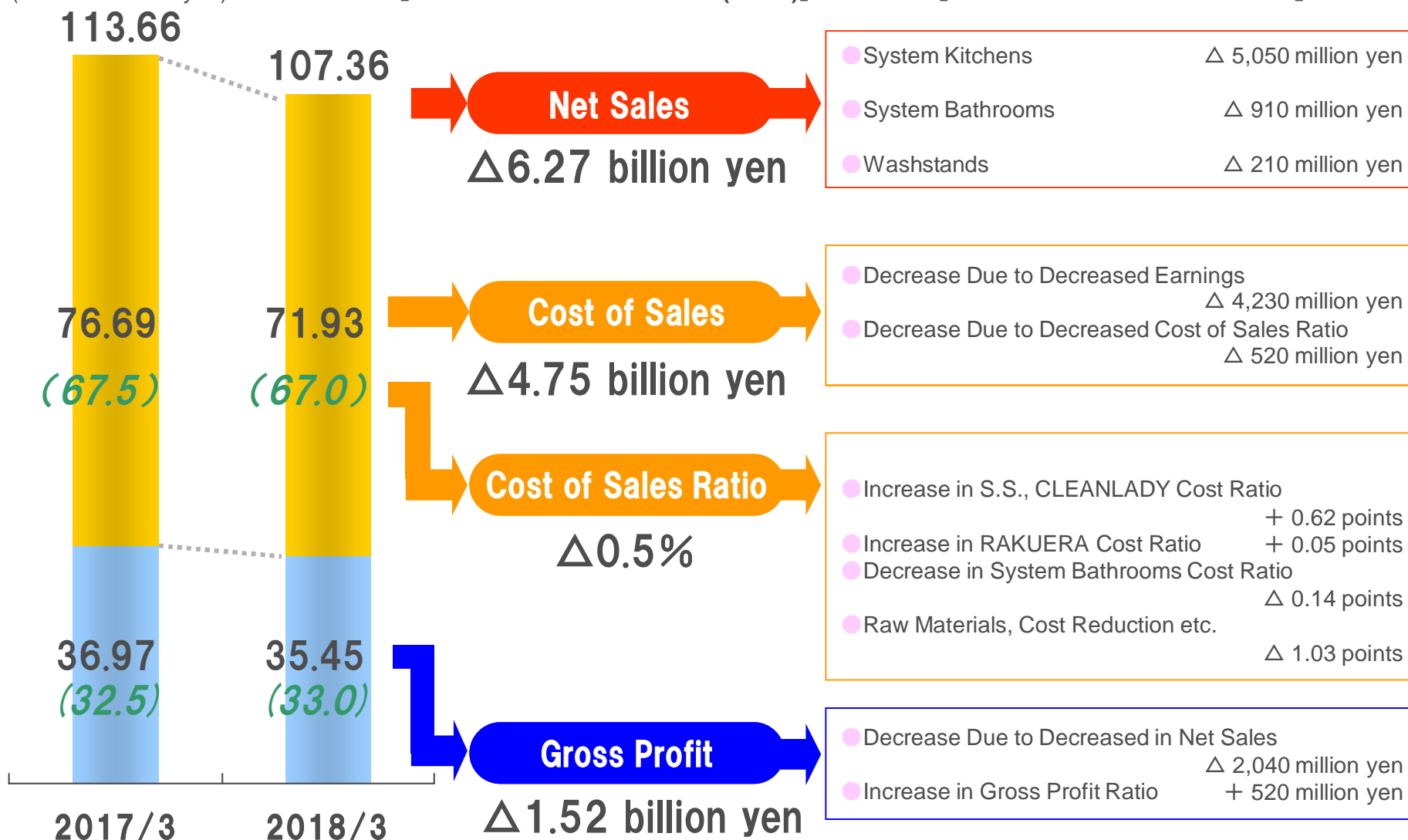
	2018/3 (Actual Results)	2017/3 (Actual Results)	Change From Prev. Period	2018/3 (Revised Forecast)
Net Sales	107,386	113,661	△5.5%	110,300
Operating Income	398	1,989	△79.9%	1,400
Ordinary Income	418	1,795	△76.7%	1,300
Profit attributable to owners of parent	49	1,339	△96.3%	700
Net Income Per Share	1.34yen	33.55yen	△96.0%	19.13yen

* Revised Forecast : Announced November 1, 2017



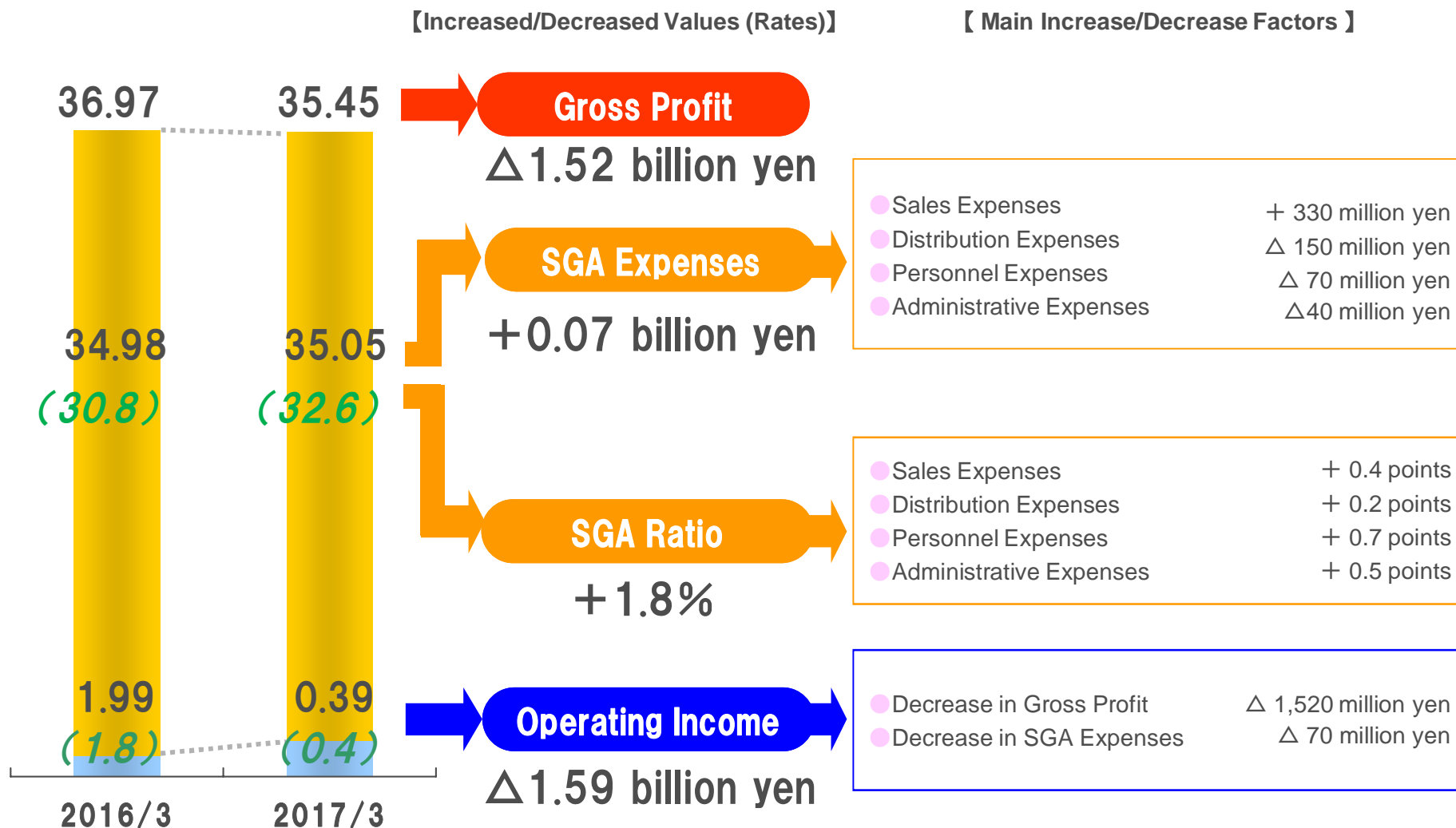
2. Consolidated Profits (1) Net Sales, Gross Profit

(Units: billions of yen)

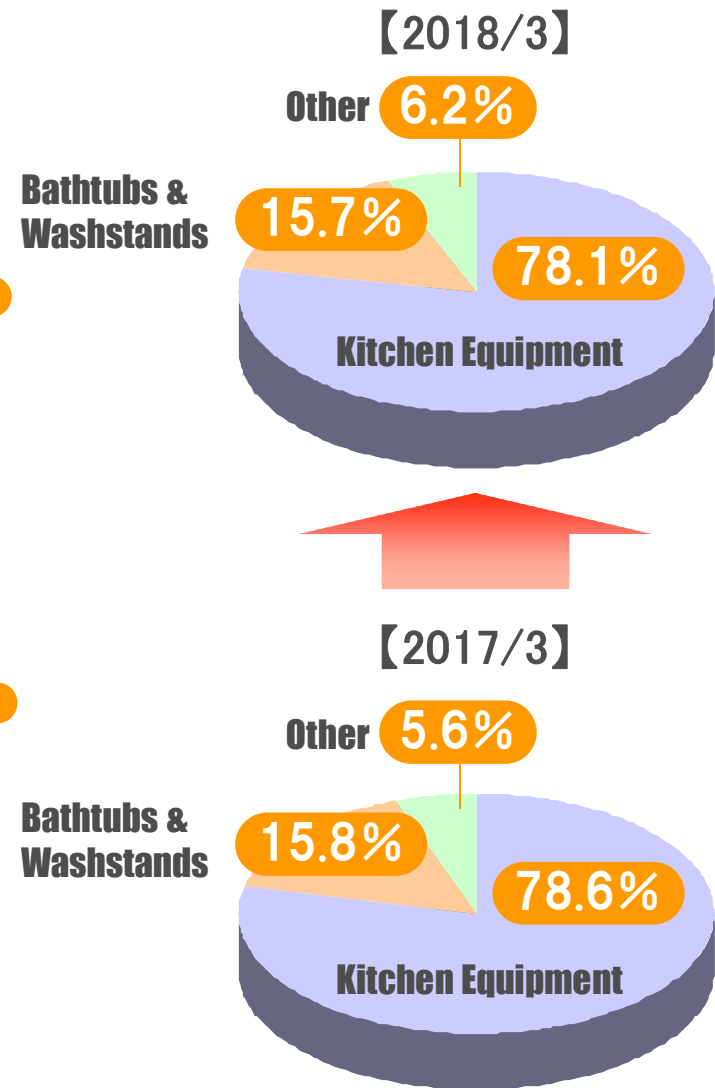
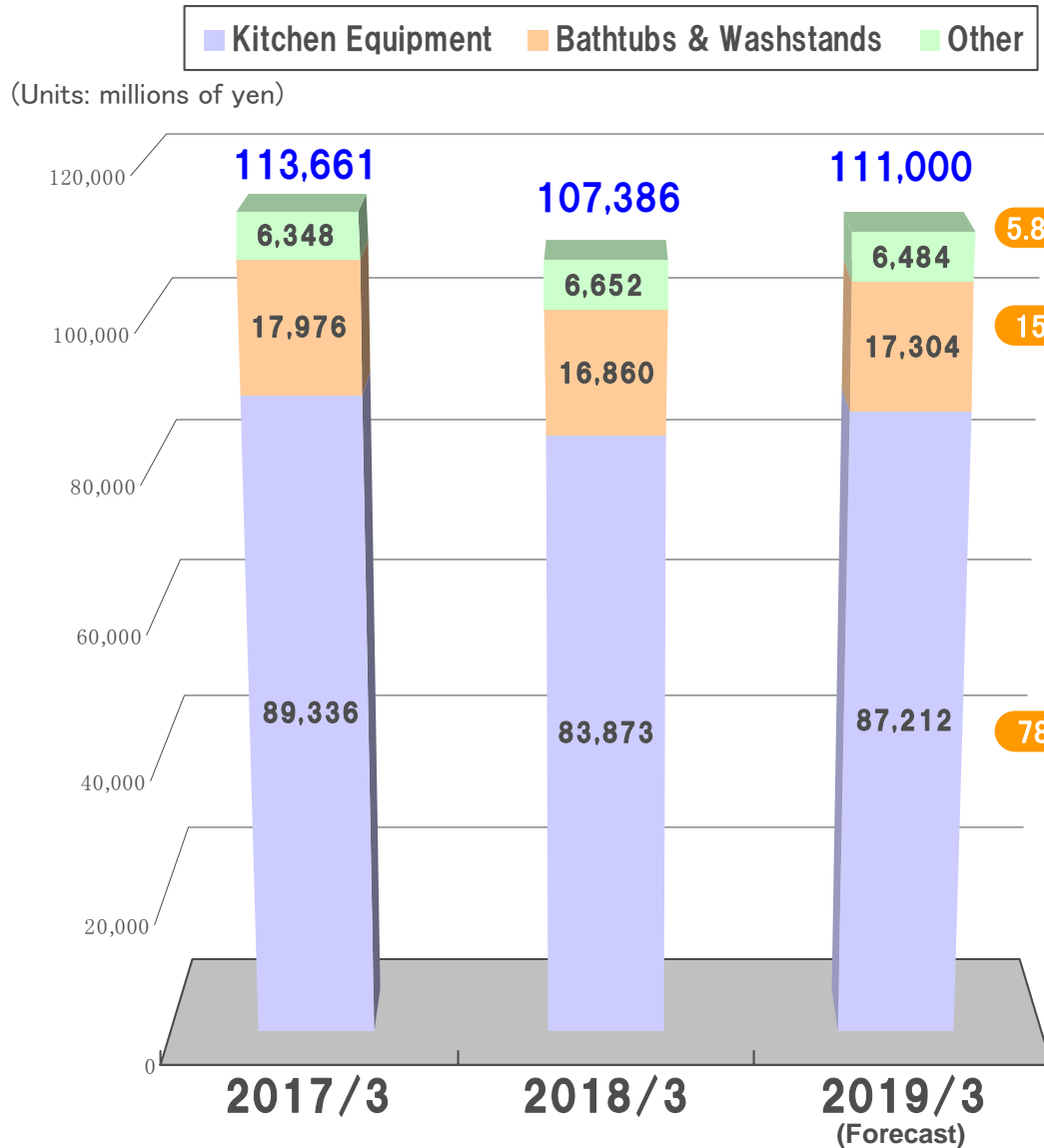


2. Consolidated Profits (2) SGA Expenses, Operating Income

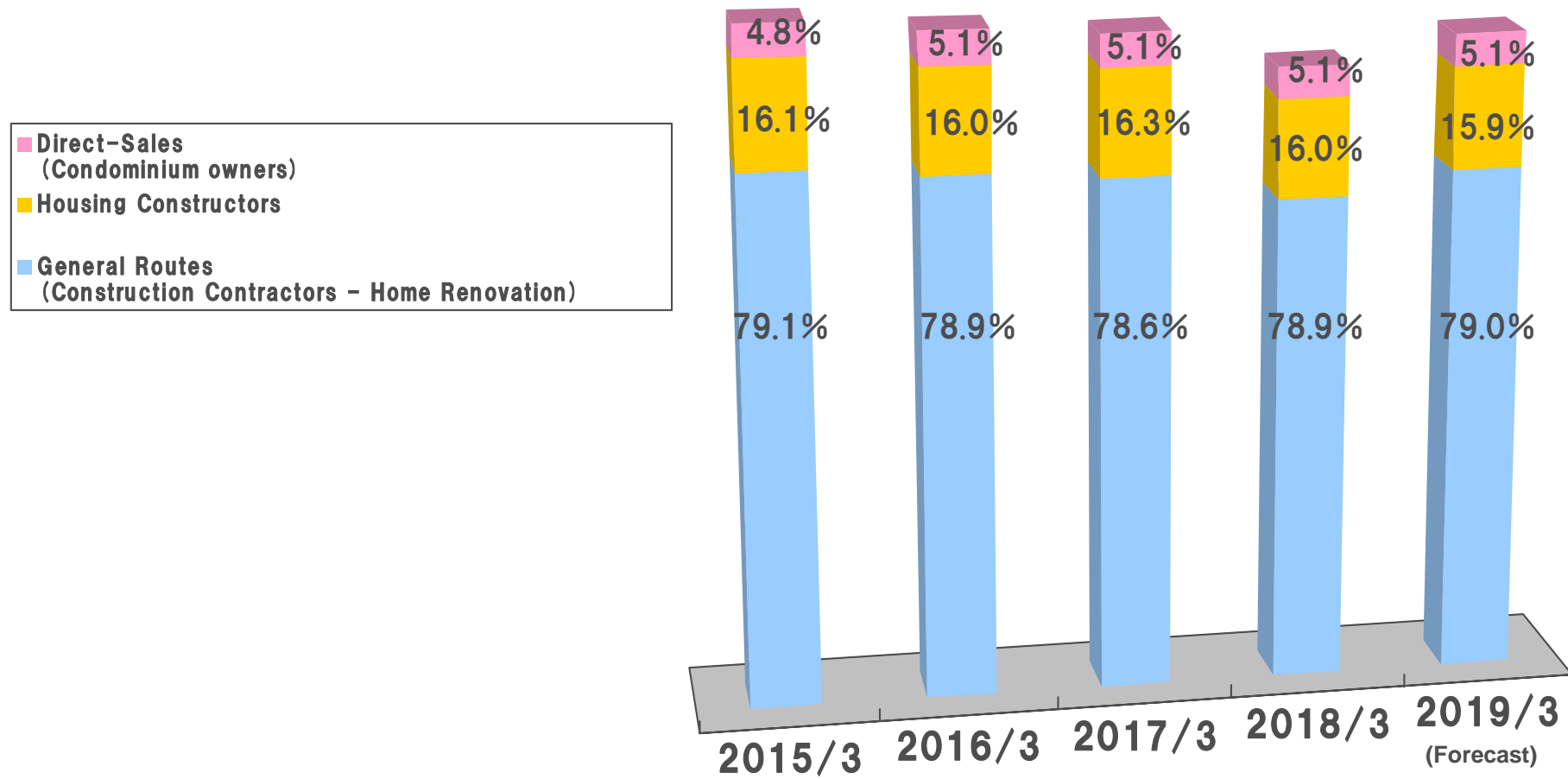
(Units: billions of yen)



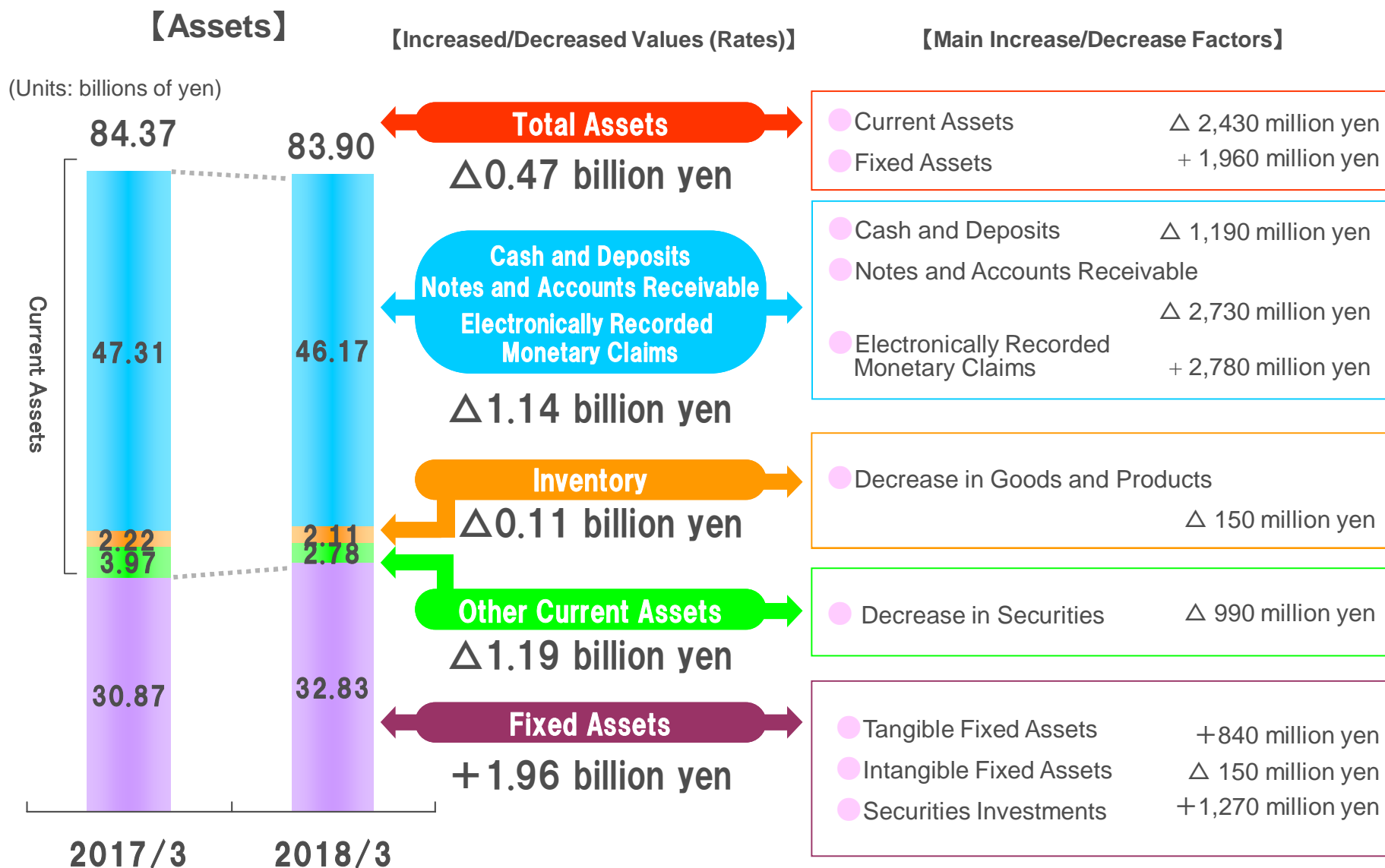
3. Sales Composition (1) By Segment (Consolidated)



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



4. Consolidated Balance Sheet Summary – 1/2



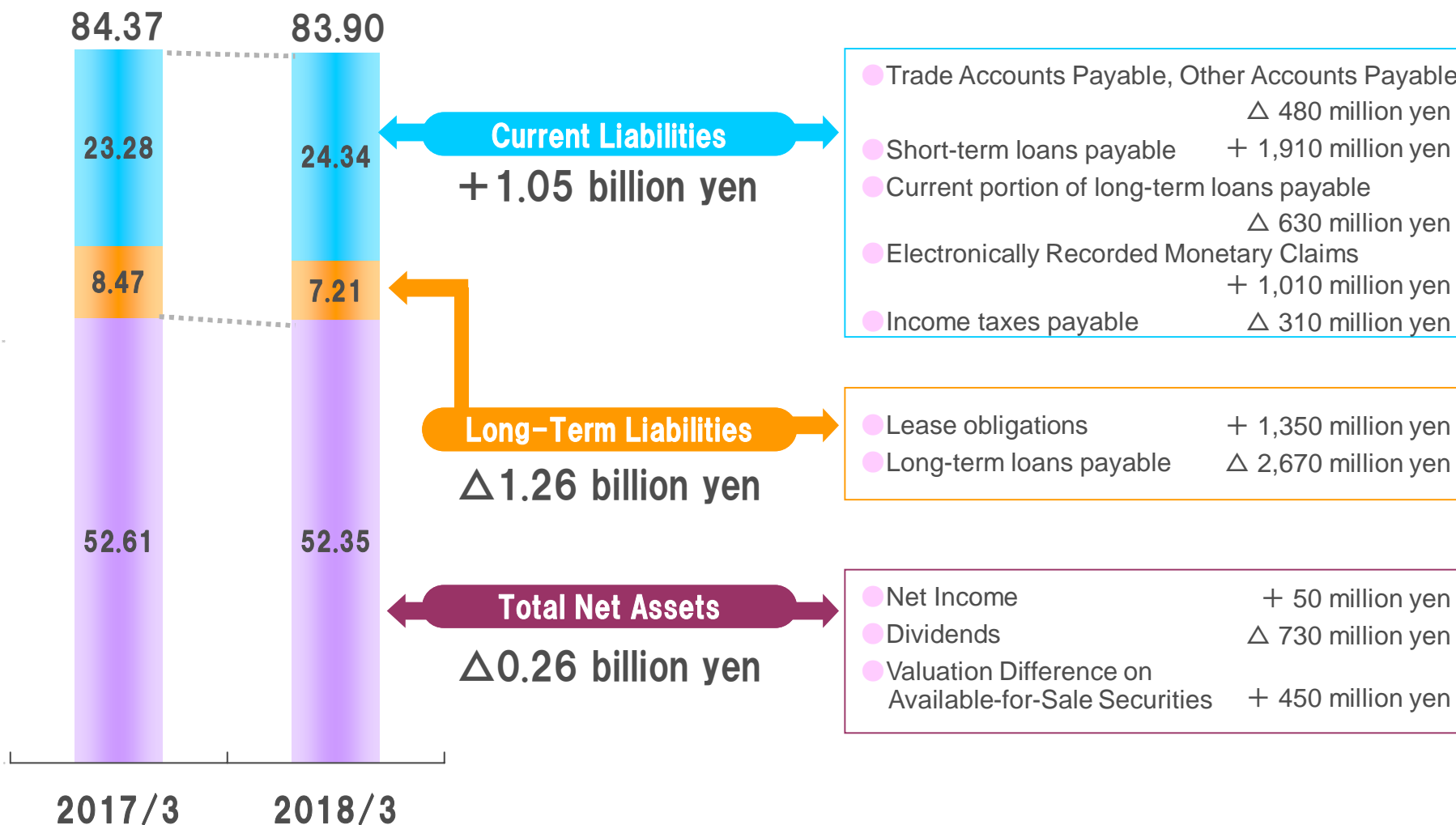
4. Consolidated Balance Sheet Summary – 2/2

【Liabilities / Net assets】

【 Increased/Decreased Values 】

【 Primary Reasons for Increase/Decrease 】

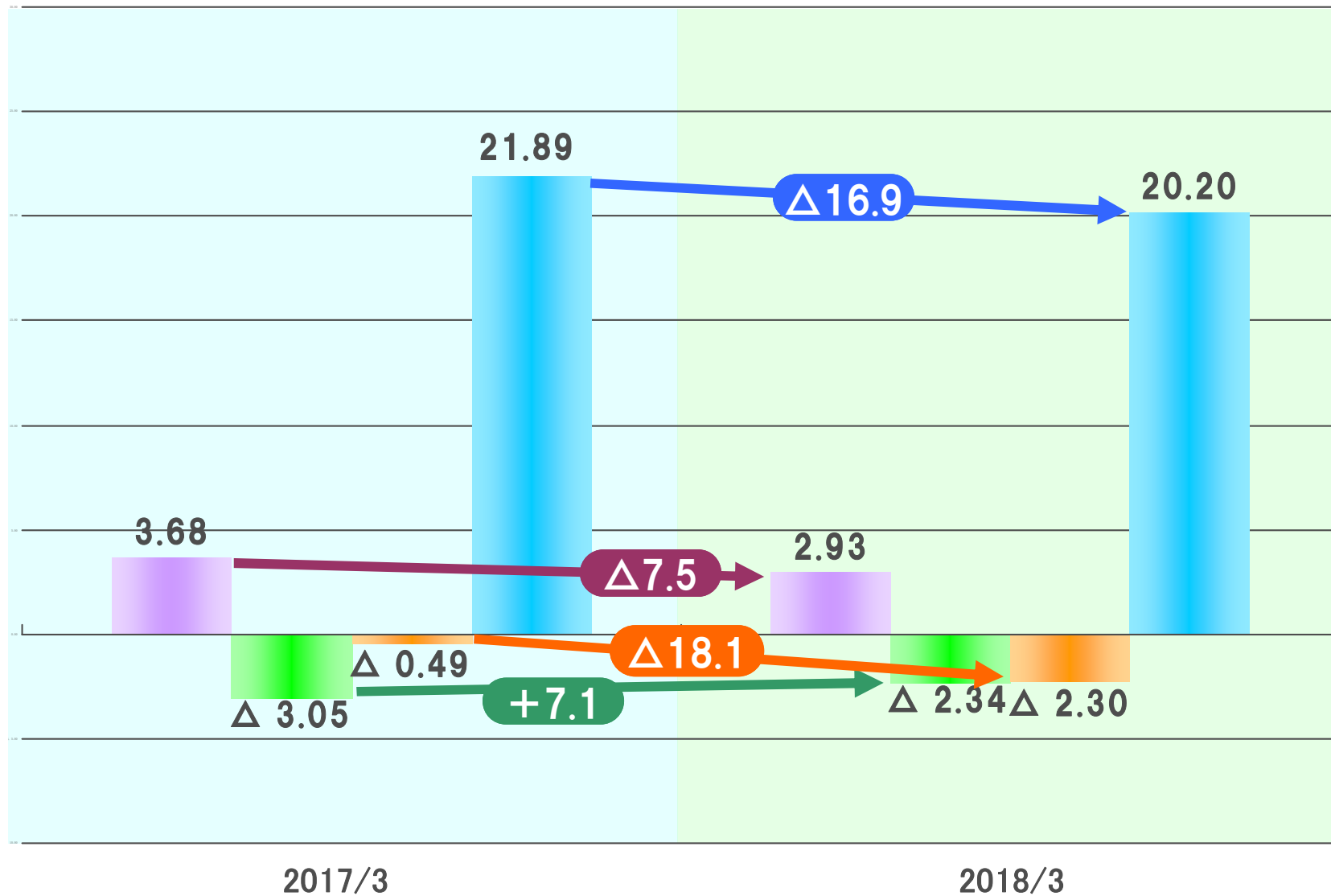
(Units: billions of yen)



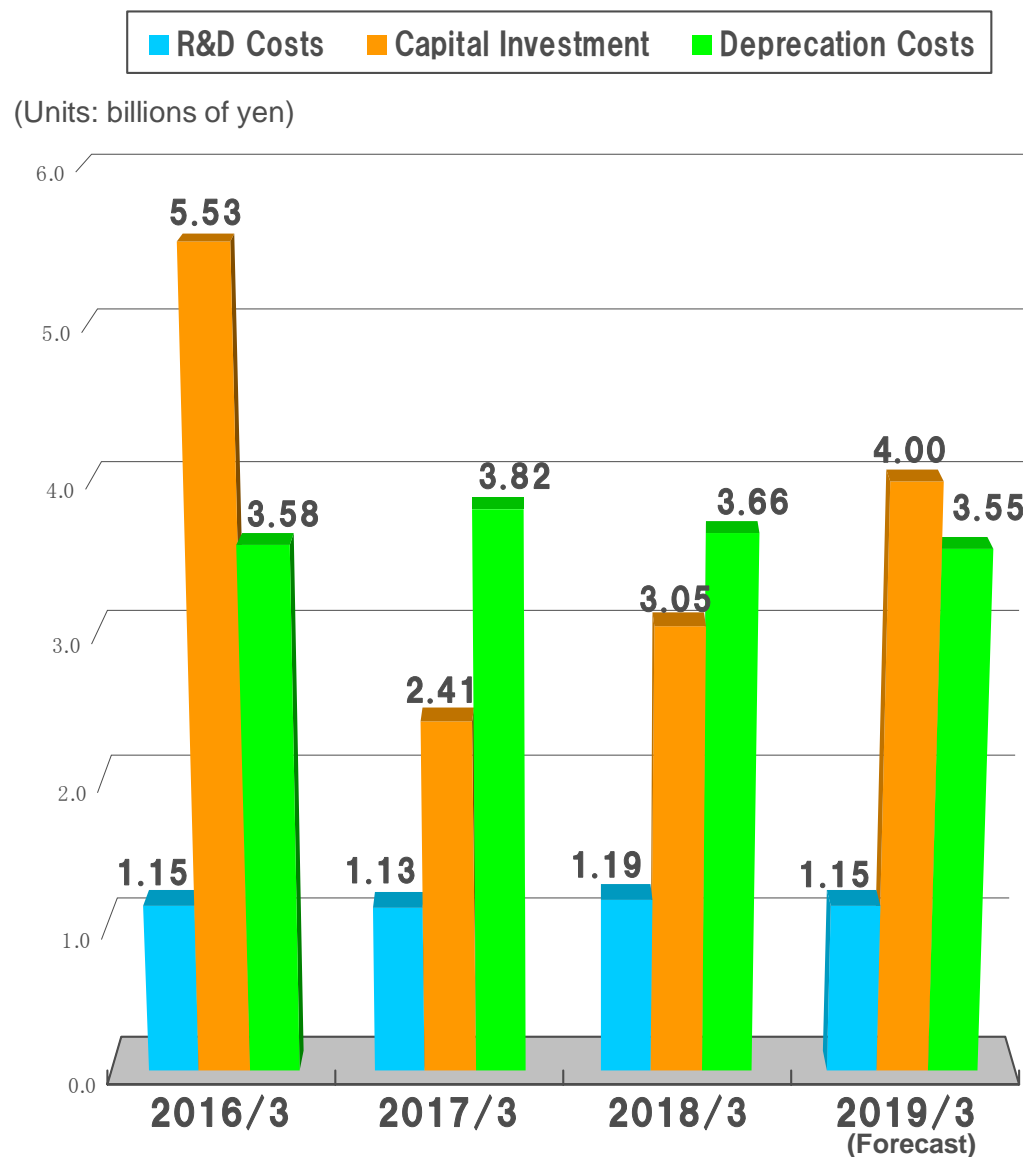
5. Consolidated Cash Flow Statement Summary

(Units: billions of yen)

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



6. Capital Investments (Consolidated)



【Major Capital Investment Details】

FY 2017 Results

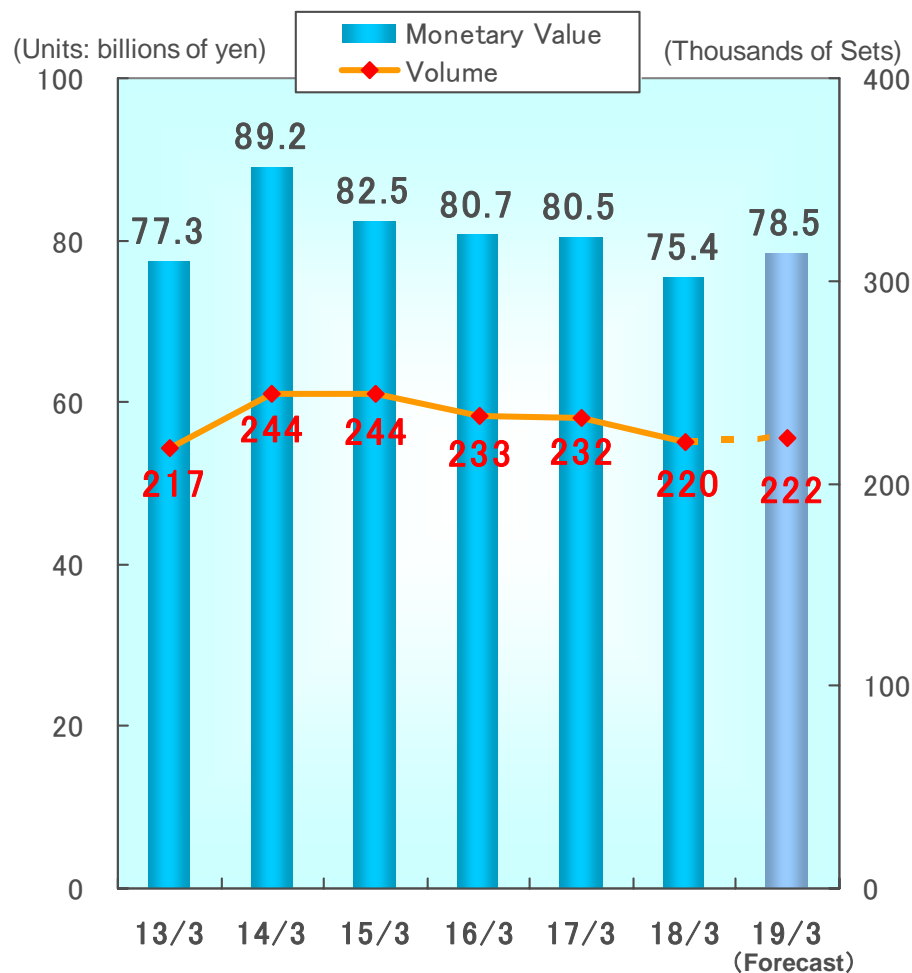
① Production-Related	1,080 million yen
② Showroom Renovation	960 million yen
③ Information Investment	840 million yen
③ Others	170 million yen

FY 2018 Plan

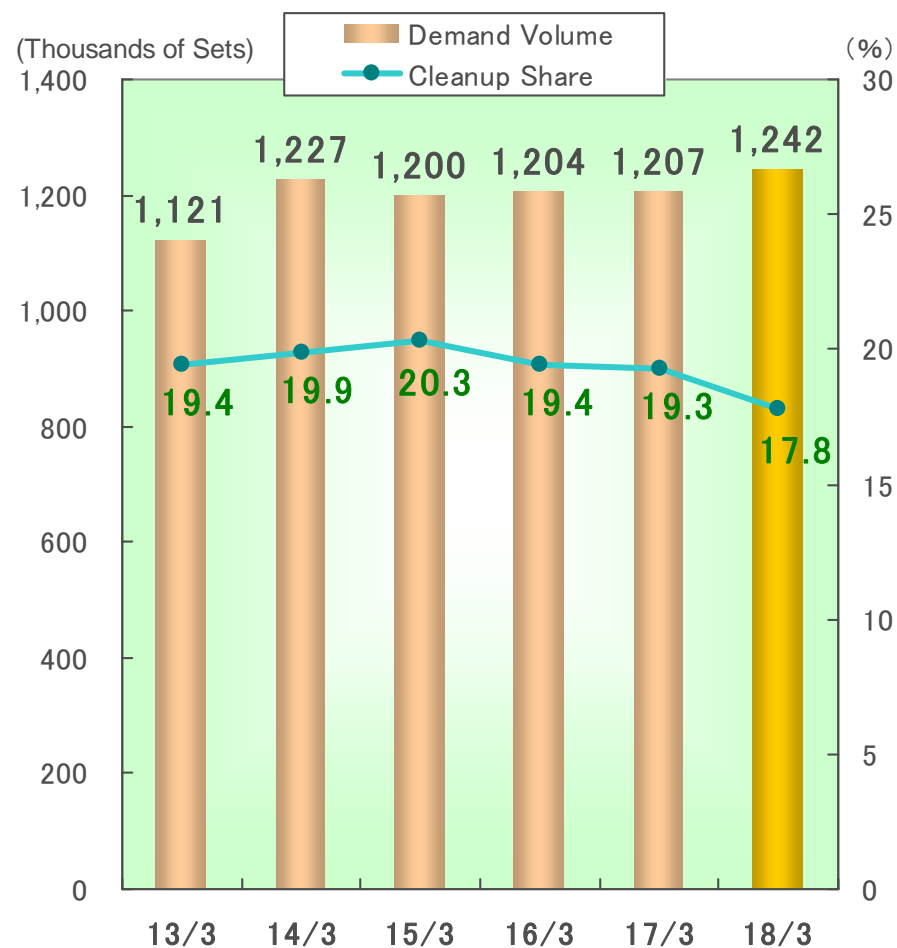
① Production-Related	1,260 million yen
② Operations-Related	1,630 million yen
③ Information-Related	1,010 million yen
④ Others	100 million yen

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

Complete System Kitchen Sales Results



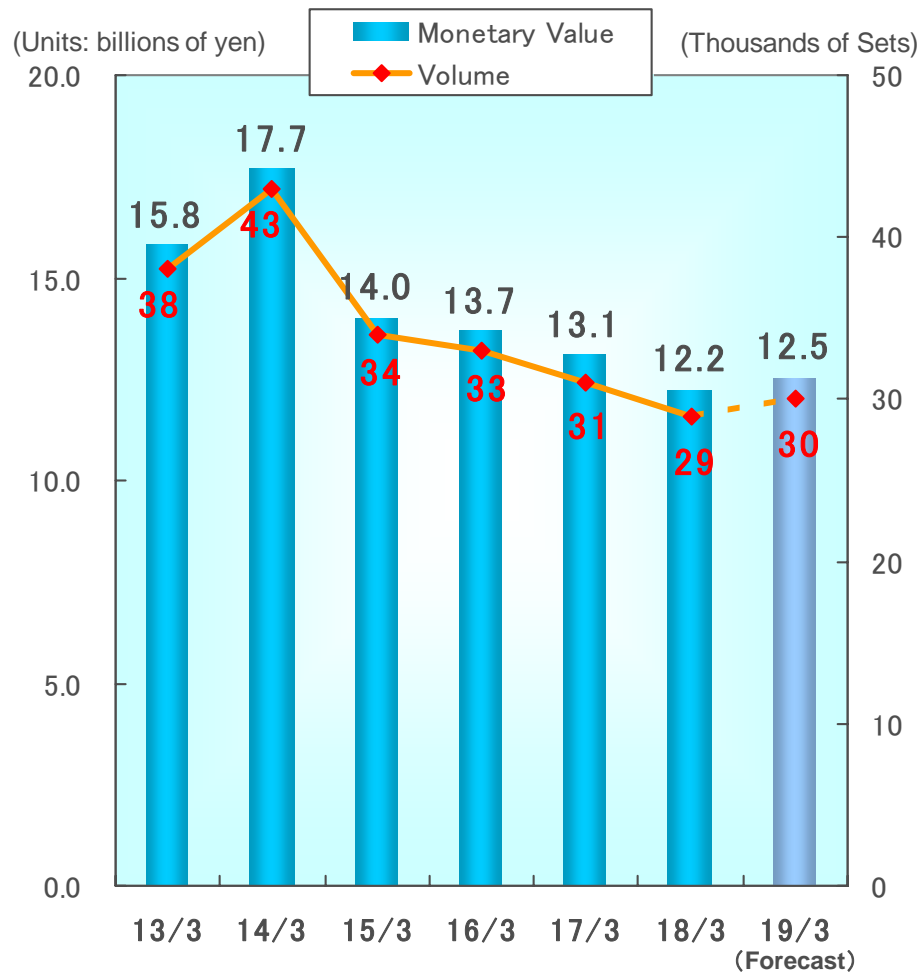
Demand Trends and Market Share



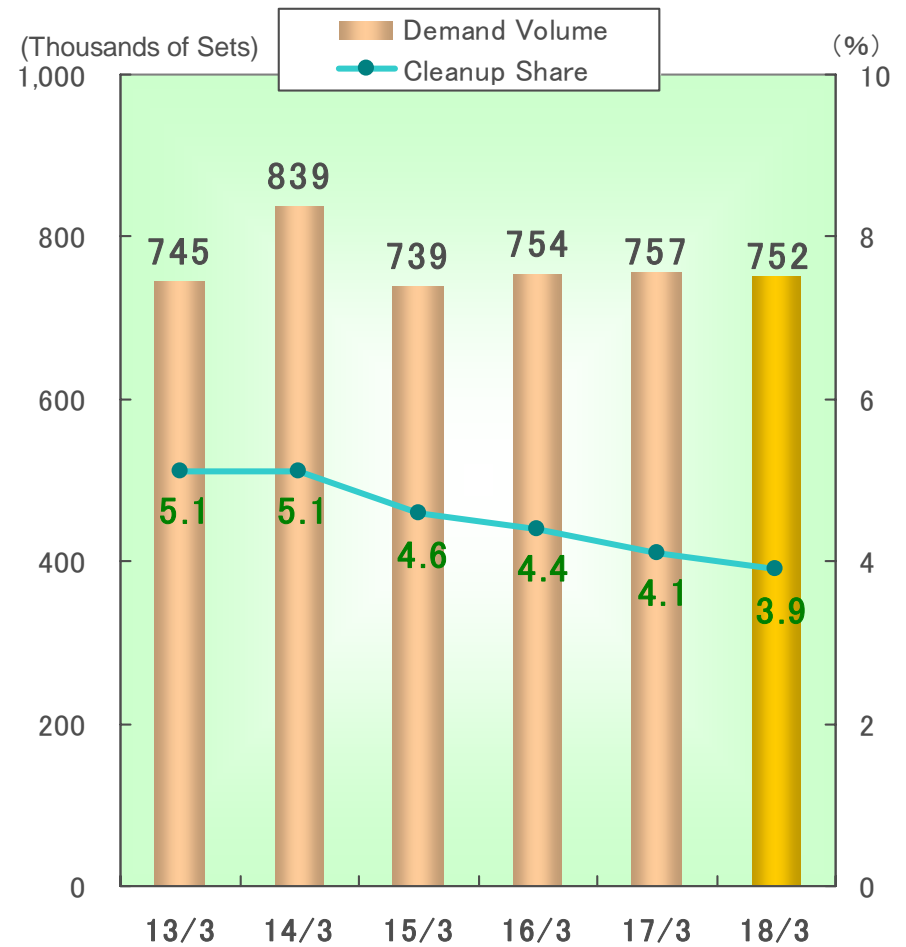
7. Sales Results For Major Products and Cleanup Market Share - 2/3



Modular System Bathroom Sales Results



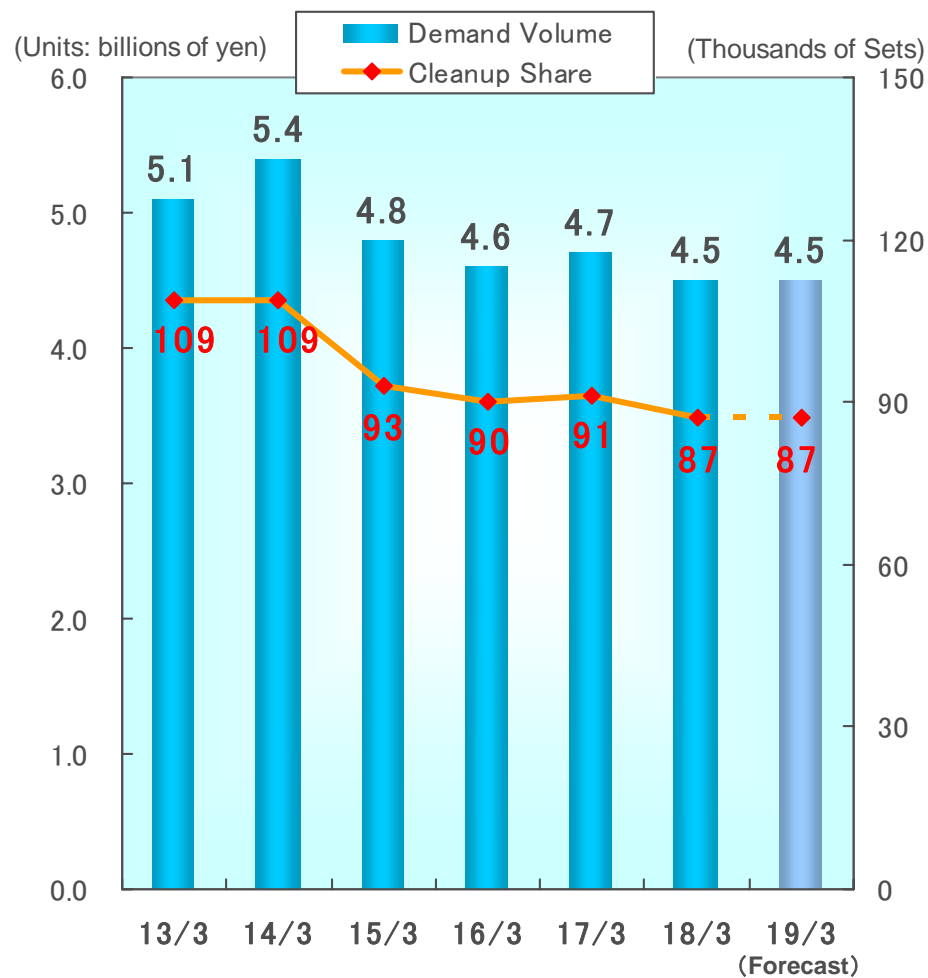
Demand Trends and Market Share



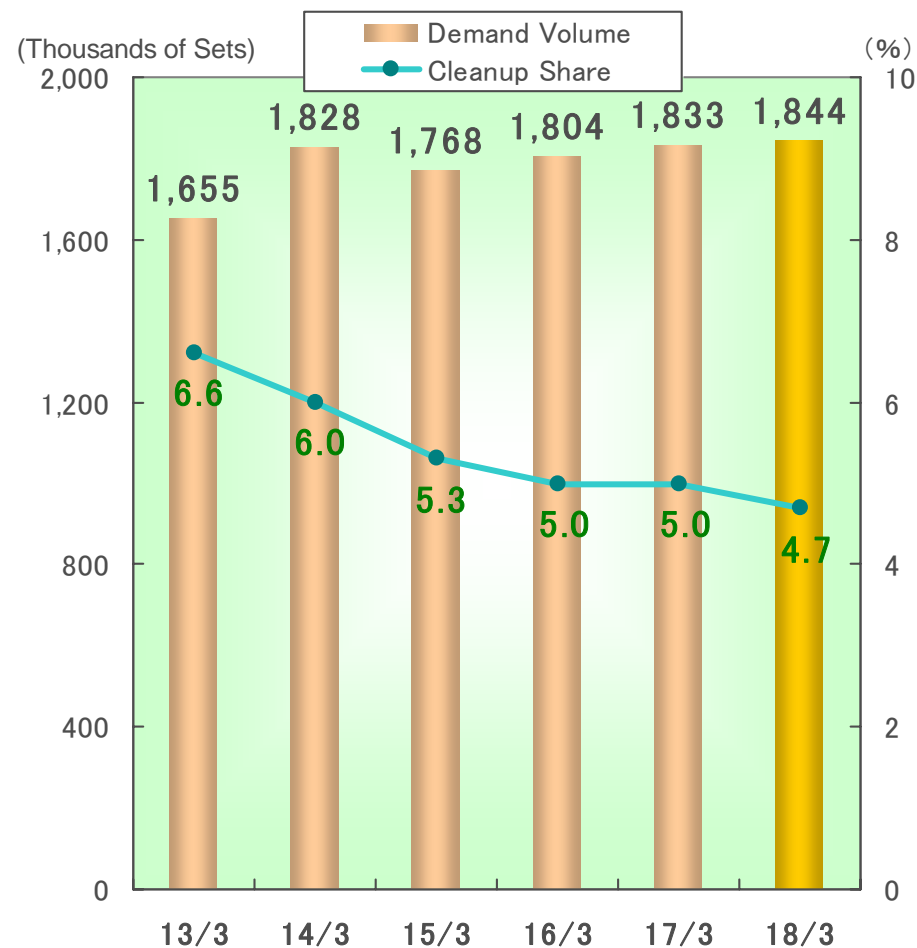
7. Sales Results For Major Products and Cleanup Market Share - 3/3



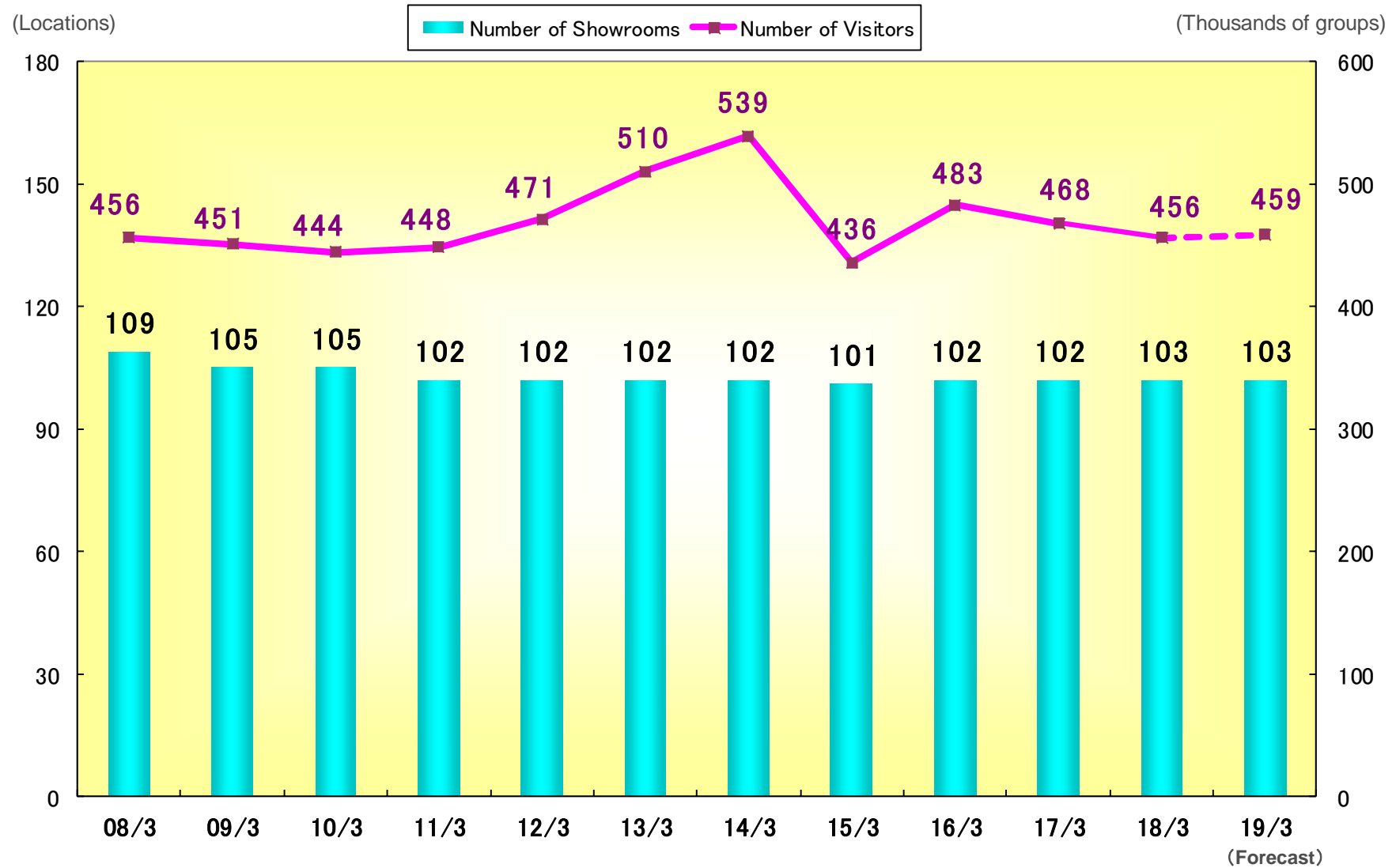
Washstands/Vanities



Demand Trends and Market Share



8. Showrooms And Visitor Numbers



9. 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	111,000	+3.4%
Operating Income	398	1,000	+150.7%
Operating Income Margin	0.4%	0.9%	—
Ordinary Income	418	950	+127.1%
Ordinary Income Margin	0.4%	0.9%	—
Profit attributable to owners of parent	49	400	+713.9%
Net Income Margin	0.0%	0.4%	—



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II. Future Strategy

**Progress of Medium-Term Management Plan and
Basic Policy for FY2018**

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.
 - Establish a successful model for overseas, while ascertaining market conditions.
- Create new businesses.
 - Create new business operations that are expected to grow, while utilizing our strengths.

- ✓ Target sales volume for mid to high-end products were unattained, although popular products were in a steady trend. The product mix is deteriorating, but the gross margin ratio is improving for individual products.
- ✓ Entry to the high-end market was launched according to plan, with implementations to take place for the Medium-Term Management Plan, during the next fiscal term.
- ✓ Action has been taken to establish a framework, called for by the Medium-Term Management Plan, but efforts have not yet achieved profit structure reforms.

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

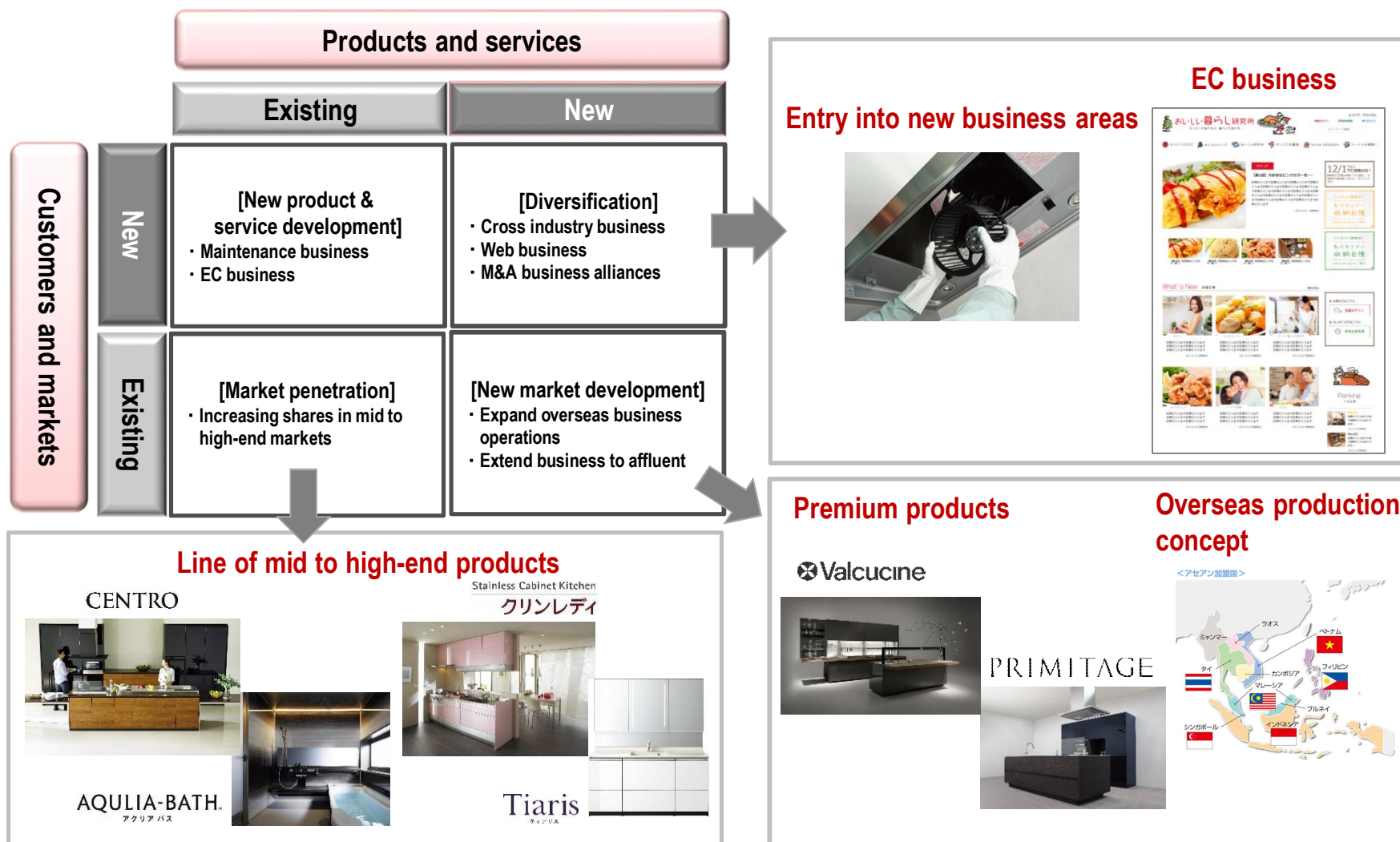
At Cleanup we aim to become a business that delivers “excitement” to customers around the world and we will continue to always be the business of choice by creating and proposing a “new lifestyle value” for kitchens, dining rooms, living rooms and hygienic spaces, as “kitchen experts”.

2. Outline of 2018 Medium-term Management Plan (2018 to 2020) (2) - Commitments and Framework

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



3. Outline of 2018 Medium-term Management Plan (2018 to 2020) (3) - Orientation and Domain of Strategies



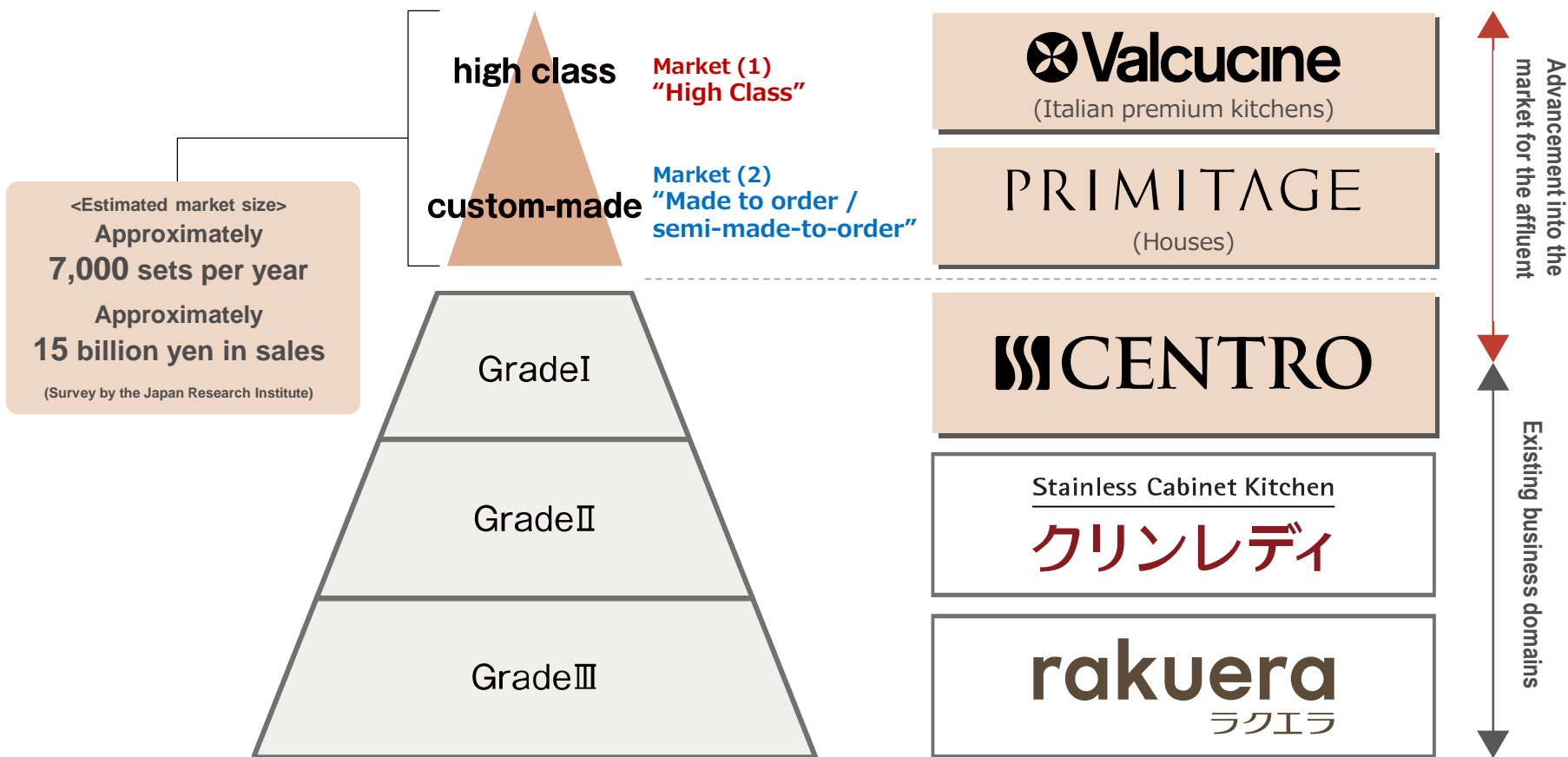
- ✓ Start with the implementation of our basic concept from the 2015 Medium-Term Business Plan and continue on to evaluations.
- ✓ Deepen the grip on business in the existing fields, while taking on the challenge of entering into new fields.



4. Specific Measures for “2018 Medium-Term Management Plan”

(1) - Reformation of Product Line-up

Reform the product line in preparation for full-scale entry into high and super high-end markets



4. Specific Measures for “2018 Medium-Term Management Plan” (2) - Activities Implemented for Super High-end Market

Full-scale implementation of business for the affluent (Valcucine / PRIMITAGE)



Showroom of Valcucine, an Italian premium kitchen brand.
The first domestic showroom “Valcucine Tokyo”
opened in December 2017.



Artematica



Genius Loci

- Premium kitchens made to satisfy the needs of the affluent.
- Sophisticated designs and innovations, demanded by premium-oriented customers.
- The site receives predominantly house manufacturers and developers, exclusively by appointment, at the preset the time.

[Summary of Valcucine]

- Business founded in Pordenone in Italy in 1980.
- Developer of premium kitchens for affluent clientele around the world.
- Famous as an innovative and environmentally friendly manufacturer
- Sales locations operate in 54 countries around the world.
- A transaction agreement with our company was concluded in September 2017.

PRIMITAGE

Made to order for upscale houses



Semi-made-to-order kitchen, with sophisticated designs, cater to every need of each individual customer. Proposals offered primarily to house manufacturing customers.

4. Specific Measures for “2018 Medium-Term Management Plan” (3) - Activities Implemented for High-end Market

The flagship model was upgraded to restore the market share.

From February 1, 2018



Based on the concept of “bringing the kitchen into the center of life”

Introduced as a “kitchen for enjoying a relaxed lifestyle”



Features of CENTRO

Center position design

1
A comfortable storage solution for reducing any wasted space and movement, is proposed by further evolving the concept of categorizing and sorting cooking utensils and spices according to the frequency of use and workability (zone concept).

Craftsmanship

2
The apex of Cleanup technology is made manually by craftsman with a desire to create products that customers will “use for a long time”.

“Cube Design” harmoniously blends into interior decor

3
The overall kitchen is completed in a flush finish, comprised of linear and flat designs to better fit in a living space.

4. Specific Measures for “2018 Medium-Term Management Plan” (3) - Activities Implemented for High-end Market

A full model change of hygienic products to reposition for the high-end market.

From February 1, 2018

Further evolution of beauty and functionality!

The proposal of a safe and comfortable sink space, the “New TIARIS.”



Features of TIARIS

Center position design

1
The product not only features the beauty of a left and right symmetry, but also improves the paths of user movements, due to the center position design.

“Cube Design” harmoniously blends into interior decor

2
Unnecessary curves were removed, much like with the CENTRO and the product was created with a flush and simple finish with a linear and flat design, to better fit into areas and produce a comfortable space.

Proposition of secure and safe space

3
Risks, such as tumbling and heat shock within the sink area, have been reduced to suggest a safe and comfortable sink space.

4. Specific Measures for “2018 Medium-Term Management Plan” (4) - Enhancement of Customer Contacts

Further enhancing value provided at showrooms.

Famous saloneses recruited as “CENTRO Ambassadors”.

CENTRO
AMBASSADORS

Highest grade fitted kitchen
Conveys the attractive features
of “CENTRO”



<http://dreamiaclub.jp/centro.html>

Principal activities

- (1) Coordinate “CENTRO” exhibits at Kitchen Town Tokyo.
- (2) Hold and sponsor events at Kitchen Town Tokyo.
- (3) Relay the details of a “CENTRO Lifestyle” on the official blog site.
- (4) Communicate information at classes presided over by the respective individuals and through SNS.



Blog site: <http://centro.mcre.jp/blog/>

The largest salonesse information site in Japan

キッチンまん中、おいしい暮らし
Dreamia Club

Operation: Dreamia Club Executive Office

New establishments and the relocation of showrooms to promote sales strategies.



Utsunomiya Showroom
Utsunomiya City, Tochigi Prefecture
(Opened May 27, 2017)

Kitchen studios that also offer spatial proposals, to hold a variety of community based events.

Proposing dining space using Oya tuff stone, which is a special product of the local area.



Edogawa Showroom
Edogawa-ku, Tokyo
(Opened September 15, 2017)

An urban showroom with a focus on condominium renovations.

- A total proposal that provokes images of living after renovations.
- A spatial exhibition space that offers an image of a condominium unit.

4. Specific Measures for “2018 Medium-Term Management Plan” (4) - Enhancement of Customer Contacts

Further enhancing the value provided at showrooms.

Proposing a lifestyle with graceful new uniforms

The uniforms of showroom advisors
upgraded since April



Original “Cleanup” button



Two types of corsage, with elegant curves, are available

- A design featuring both decorative features that take into consideration the latest trends and functionality. Freely mix and match for a total of 12 coordinated combinations.
- One-piece dresses are also available to be worn as maternity wear, with adjustable sizes, so pregnant advisors can continue to work with peace of mind.

Promoting the acquisition of specialized knowledge by employees

Showroom advisors wear a license badge



License badge clearly indicating that the wearer is a qualified employee



Qualification name	Class	Purposes and descriptions
Kitchen Specialist	—	An individual with specialist knowledge, together with customers, formulates the proposals of kitchen space configurations that meet the expectations truly desired by customers.
Sorting and Storing Advisor	Class 1	An individual capable of offering proposals for a more comfortable and abundant lifestyle, by reviewing how people interact with materials in their daily lives.
	Class 2	
Shokuiku Food Education Instructor	Class 3	An individual who understands the importance of food education and works on improving culinary techniques to provide food education for day-to-day living, while disseminating knowledge to other people nearby.

4. 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

- Advancement into the market will be achieved through a collaboration with a house manufacturer. Kitchens and associated products are to be supplied to the four districts of Shenyang, Suzhou, Wuxi and Taicang.
- Collaboration is to be enhanced with distributors, while sales are made to Japanese developers.

● Taiwan

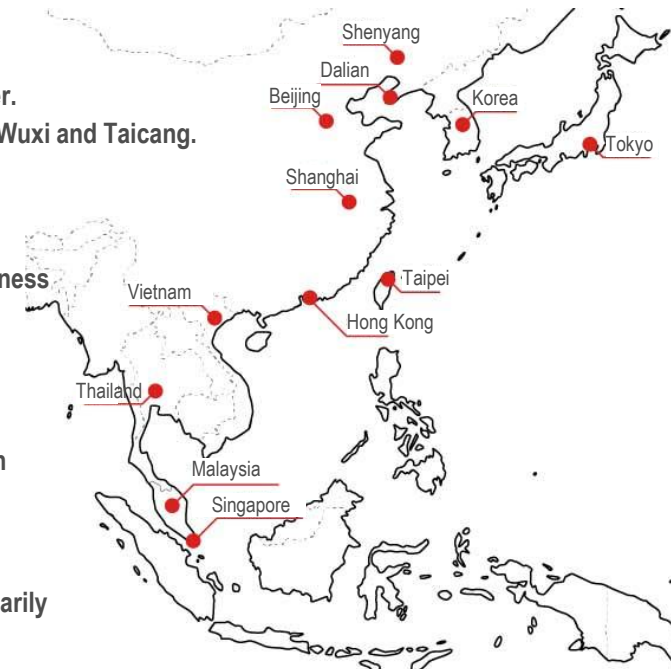
- The area of jurisdiction is to be expanded and the sales capabilities enhanced to implement business activities intended to capture property projects.
- Support for distributors is to be enhanced, as sales are made to major developers.

● 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 with high income brackets.



Condominium in Kuala Lumpur, Malaysia



Okura Condominium, China



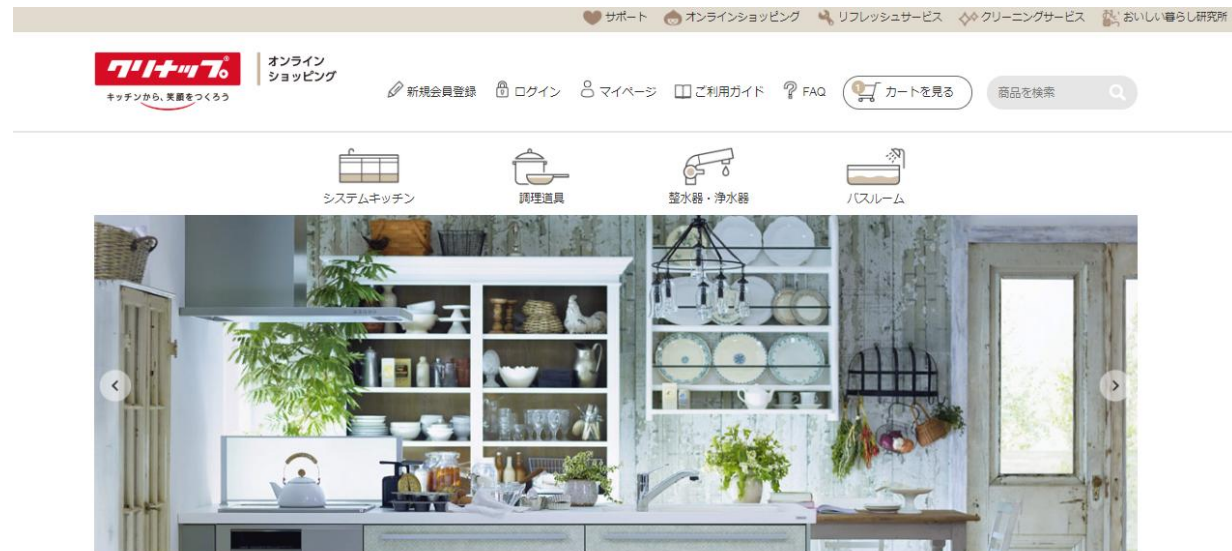
4. Specific Measures for “2018 Medium-Term Management Plan” (6) - Activities Implemented for EC business Operations

The launch of an EC business, as a new sales channel.

An EC (Online Shopping) site is to be revamped and launched. Aiming to further expand the market!

<http://style.cleanup.jp/>

Top page of online shopping site →



● Navigation function

Visitors can click on products to visually select the intended products, using the “Navigation Function”, for more enjoyable internet shopping!



● Substantial columns

Hints for making kitchen life pleasant and information for day-to-day living are delivered through these columns. Parts and products, linked with the subjects of articles, are made available for purchase!



5. CSR Programs (1) - Welfare for Disabled Persons

The tenth Anniversary of Cleanup Heartful Corporation.

Ten years of activities aimed at “self-reliance” and “inclusiveness”.

[Management philosophy]

“Create thoughtful value for society, as a corporation that symbolizes a whole range of CSR activities of the Cleanup Group.”

[Principal activities]

- Facility management services for the Cleanup Group.
- Clerical operations, such as data entry.
- Management of “Kurio-no Pan-ya” bakery and the like.



The first anniversary was at a location that informed the residents of the local community about the “lavish food culture”!
(November 1, 2017)



Participation in a local elementary school event, by providing freshly baked breads, was in cooperation with members of the PTA.



A scene from an exhibition and the sale of freshly baked waffles was in commemoration of the first anniversary.

5. CSR Programs

(2) - Support for Disaster Recovery and Personnel Training

Cleanup Foundation - Contributing to the Training of Personnel Who Will Maintain the Local Communities.

The “Cleanup Foundation”, established in 2012, has been continuously providing support for restorations and the training of young people, who will be maintaining the local communities in Fukushima Prefecture. Scholarships were provided to 40 people in FY2017.



◎ Aiming to provide restoration support and the training of young people in Fukushima Prefecture.

Scholarship projects

Sports promotion projects

R&D promotion projects