



**Presentation Material:  
Announcement of FY 2016 Interim Results**

**November 17, 2016**

# I . Interim Results Outline

# 1. Outline of Consolidated Results for Interim Period Ended September 2016



(Units: millions of yen)

	<b>2016/9</b> (Actual Results)	<b>2015/9</b> (Actual Results)	<i>Change From Prev. Period</i>	<b>2016/9</b> (Previous Forecast)	<i>Compared To Revised Plan</i>
<b>Net Sales</b>	<b>56,747</b>	<b>56,393</b>	<i>0.6%</i>	<b>57,700</b>	<i>△ 1.7%</i>
<b>Operating Income</b>	<b>1,242</b>	<b>398</b>	<i>211.6%</i>	<b>1,000</b>	<i>24.3%</i>
<b>Ordinary Income</b>	<b>1,153</b>	<b>276</b>	<i>317.4%</i>	<b>850</b>	<i>35.8%</i>
<b>Profit attributable to owners of parent</b>	<b>935</b>	<b>83</b>	<i>–</i>	<b>460</b>	<i>103.4%</i>
<b>Interim Net Income Per Share</b>	<b>22.49yen</b>	<b>2.01yen</b>	<i>–</i>	<b>11.06</b>	<i>103.3%</i>

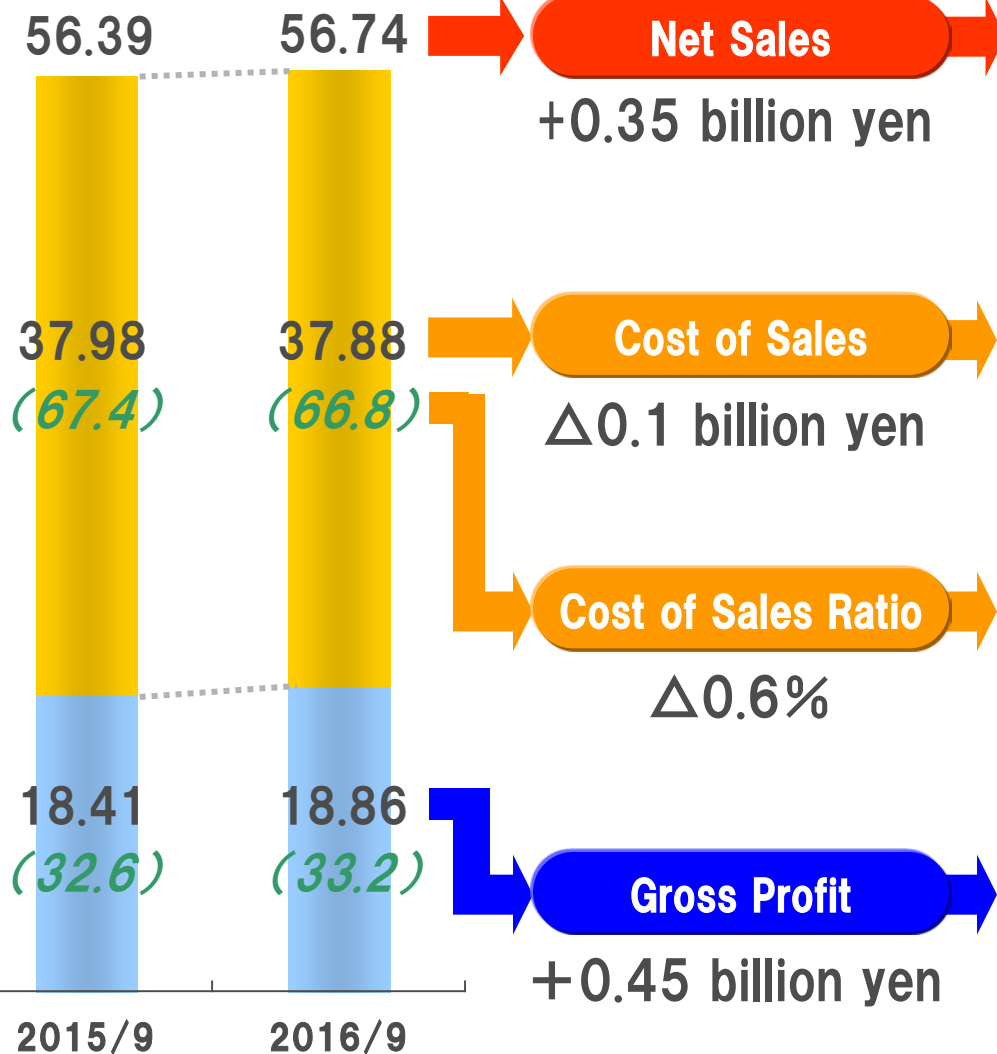
\* Previous Forecast: Announced May 10, 2016

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



- System Kitchens + 570 million yen
- System Bathrooms Δ 310 million yen
- Washstands/Vanities + 50 million yen

- Increase Due to Increased Net Sales + 240 million yen
- Decrease Due to Decreased Cost of Sales Ratio Δ 340 million yen

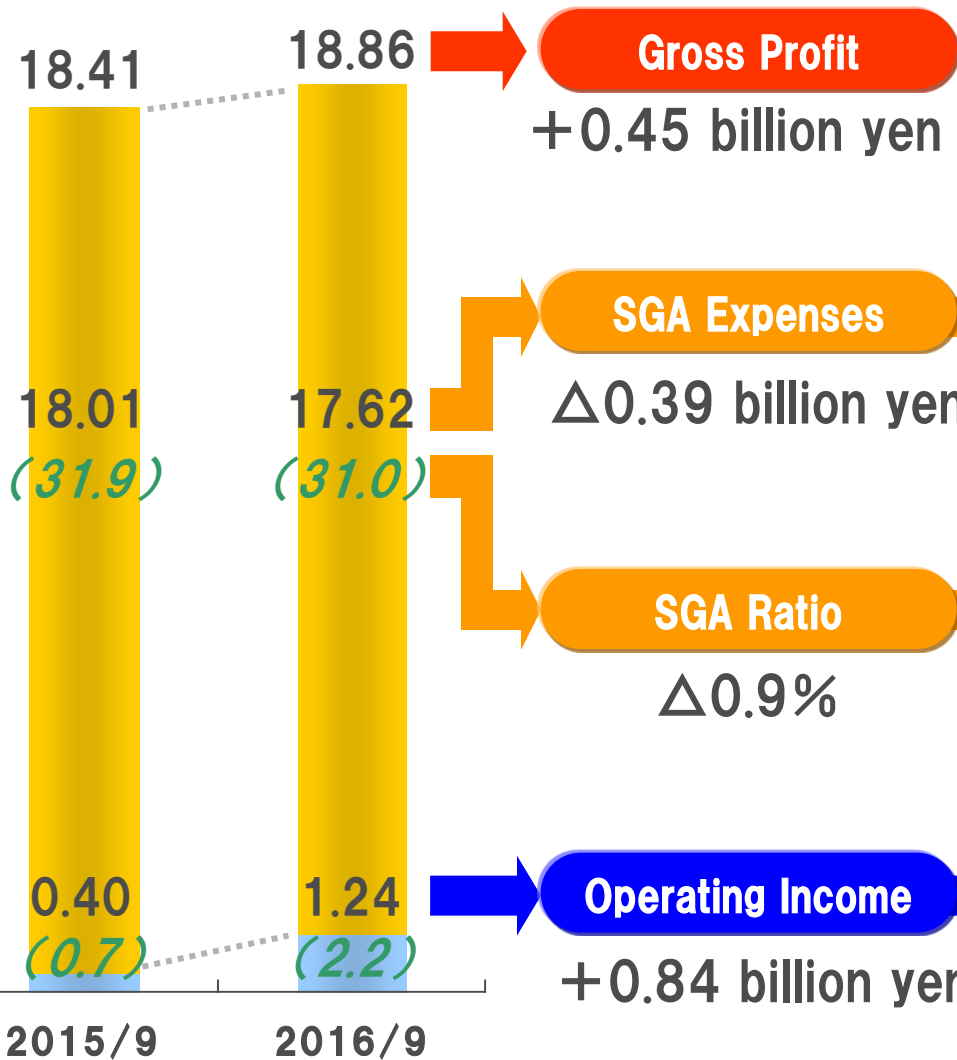
- Decrease in S.S., CLEANLADY Cost Ratio Δ 0.0 point
- Increase in RAKUERA Cost of Sales Ratio + 0.4 point
- Decrease in System Bathrooms Cost of Sales Ratio Δ 0.3 point
- Supply segment Δ 0.2 point
- Influence of raw materials and others Δ 0.5 point

- Increase Due to Increased in Net Sales + 110 million yen
- Increase in Gross Profit Ratio + 340 million yen

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】



### 【Main Increase/Decrease Factors】

● Sales Expenses	△ 330 million yen
● Distribution Expenses	△ 30 million yen
● Personnel Expenses	+ 40 million yen
● Administrative Expenses	△ 70 million yen

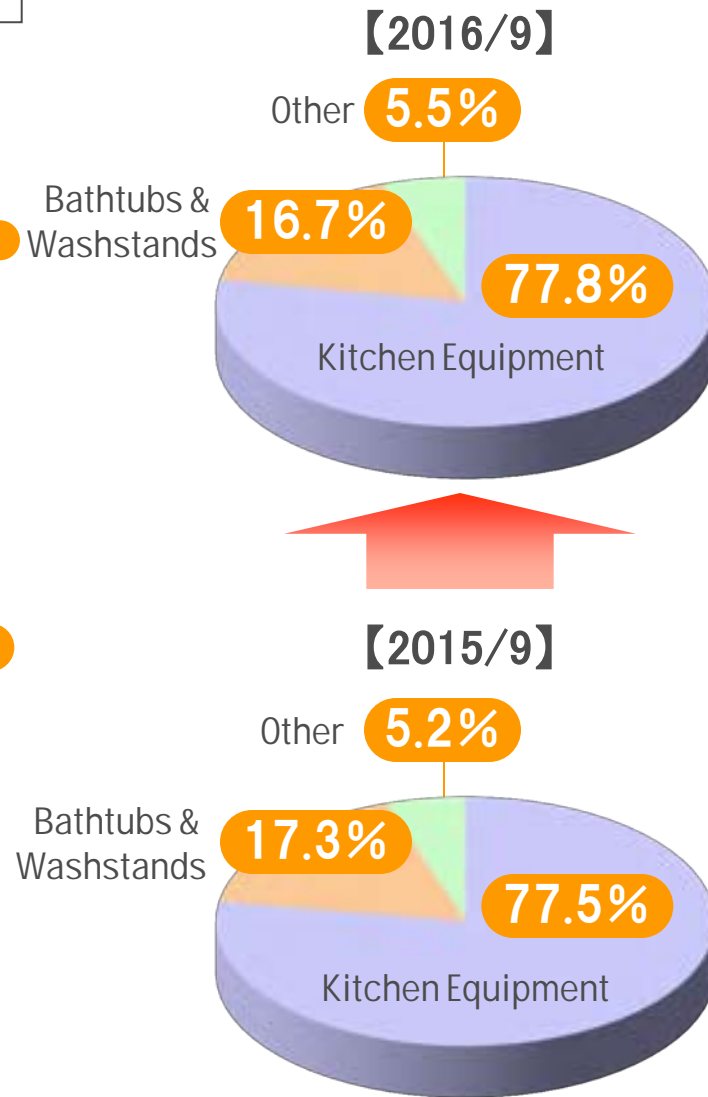
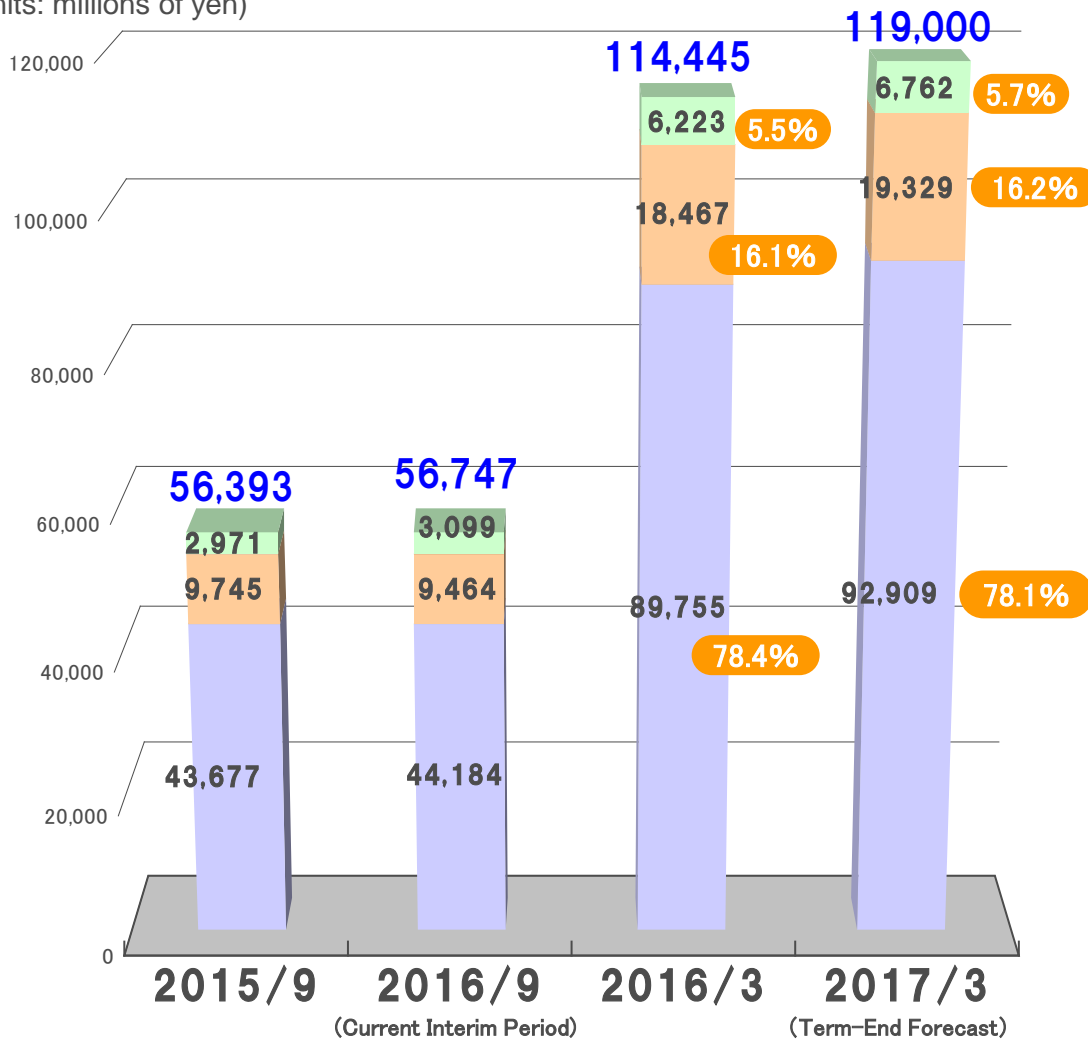
● Sales Expenses	△ 0.6 points
● Distribution Expenses	△ 0.1 points
● Personnel Expenses	+ 0.0 points
● Administrative Expenses	△ 0.2 points

● Increase in Gross profit	+ 450 million yen
● Change in SGA Expenses	+ 390 million yen

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

■ Kitchen Equipment   
 ■ Bathtubs & Washstands   
 ■ Other

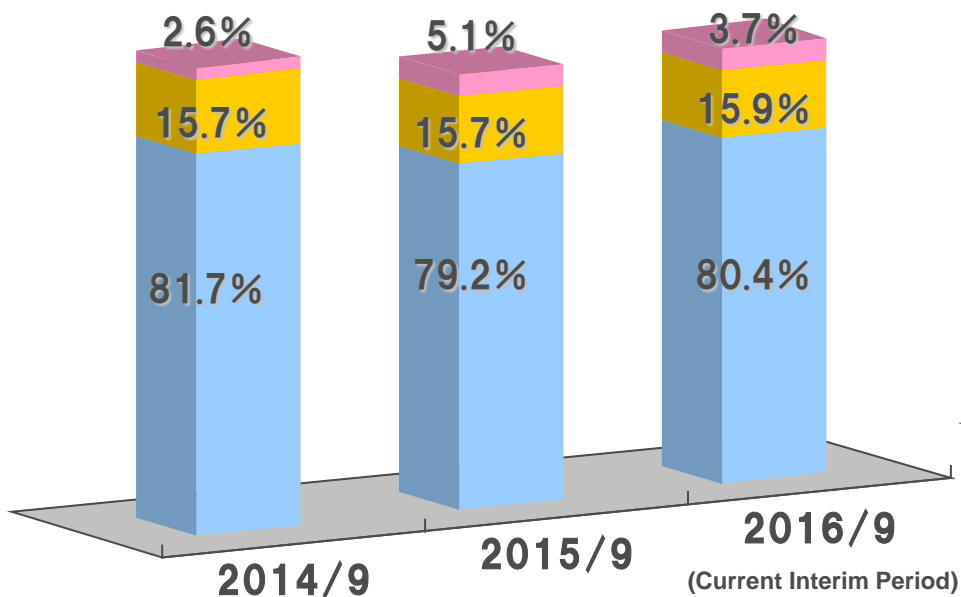
(Units: millions of yen)



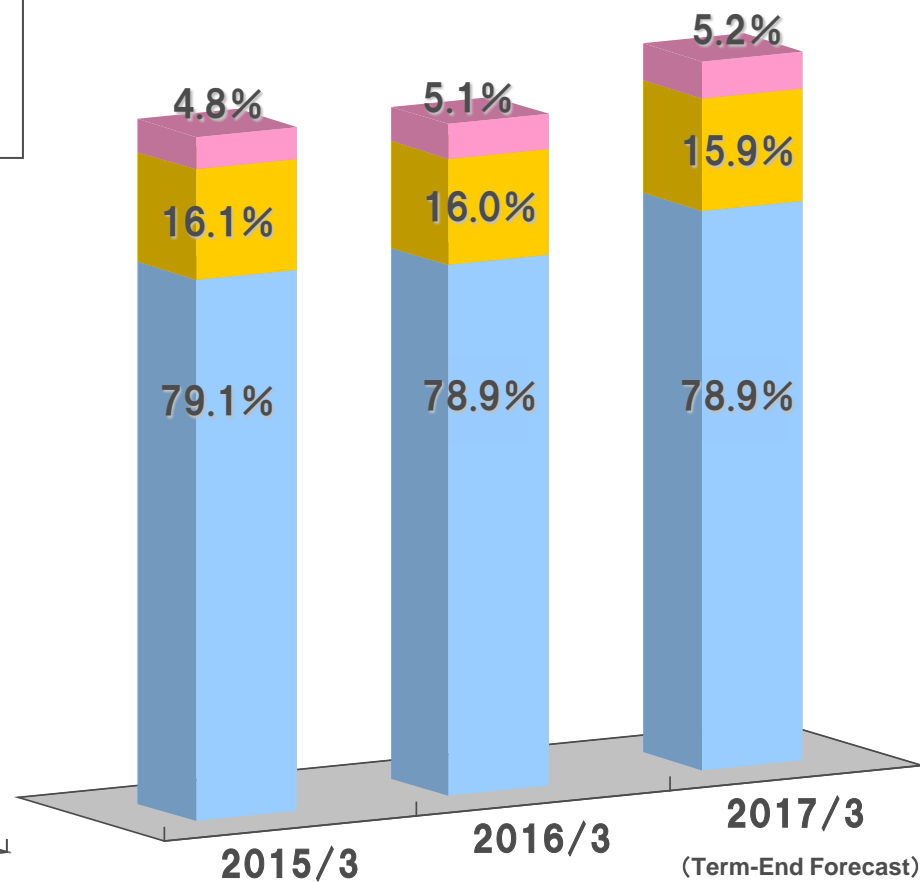
### 3. Sales Composition ② By Sales Route (Non-Consolidated)

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

【First-Half Base】

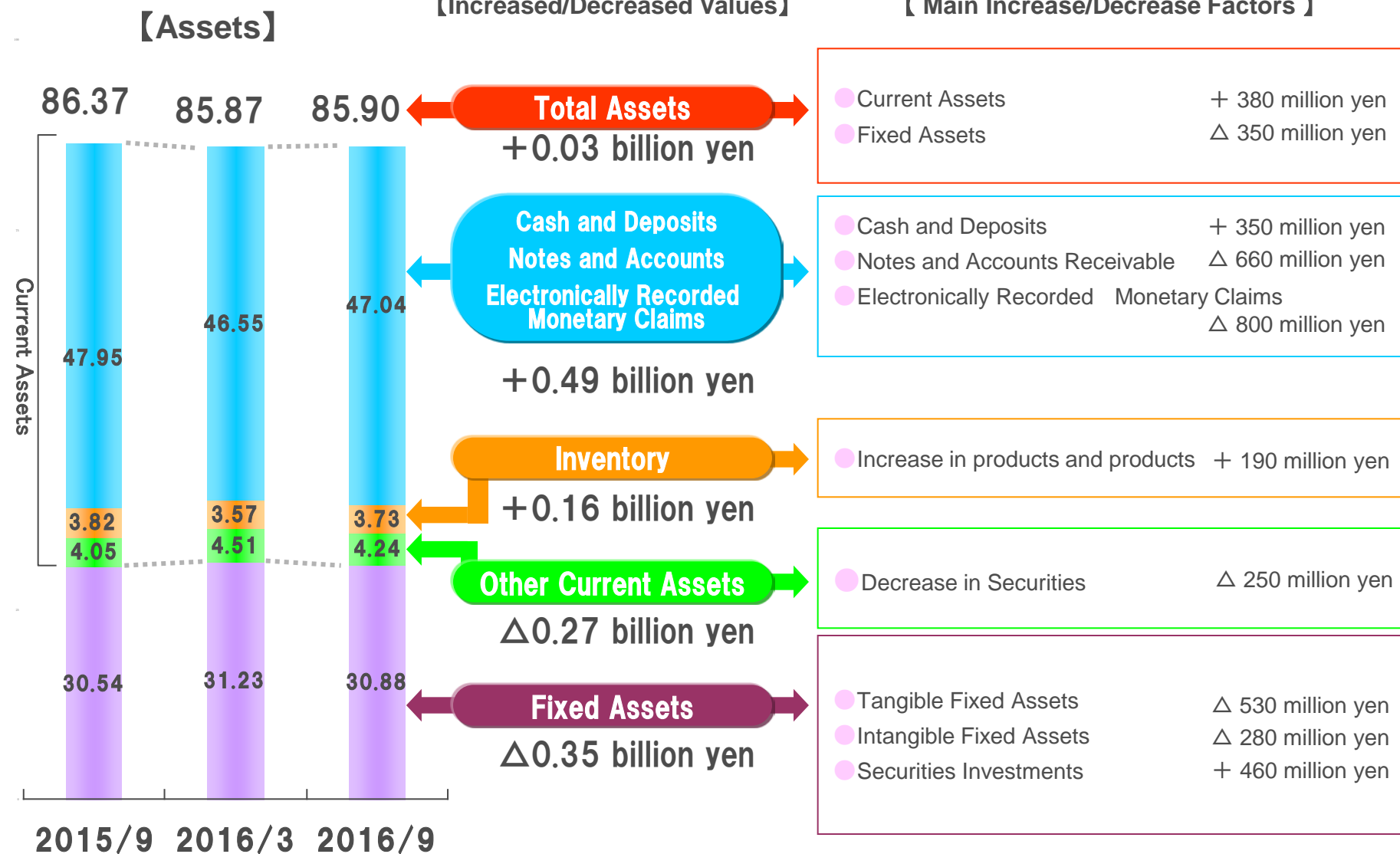


【Full-Term Base】



# 4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

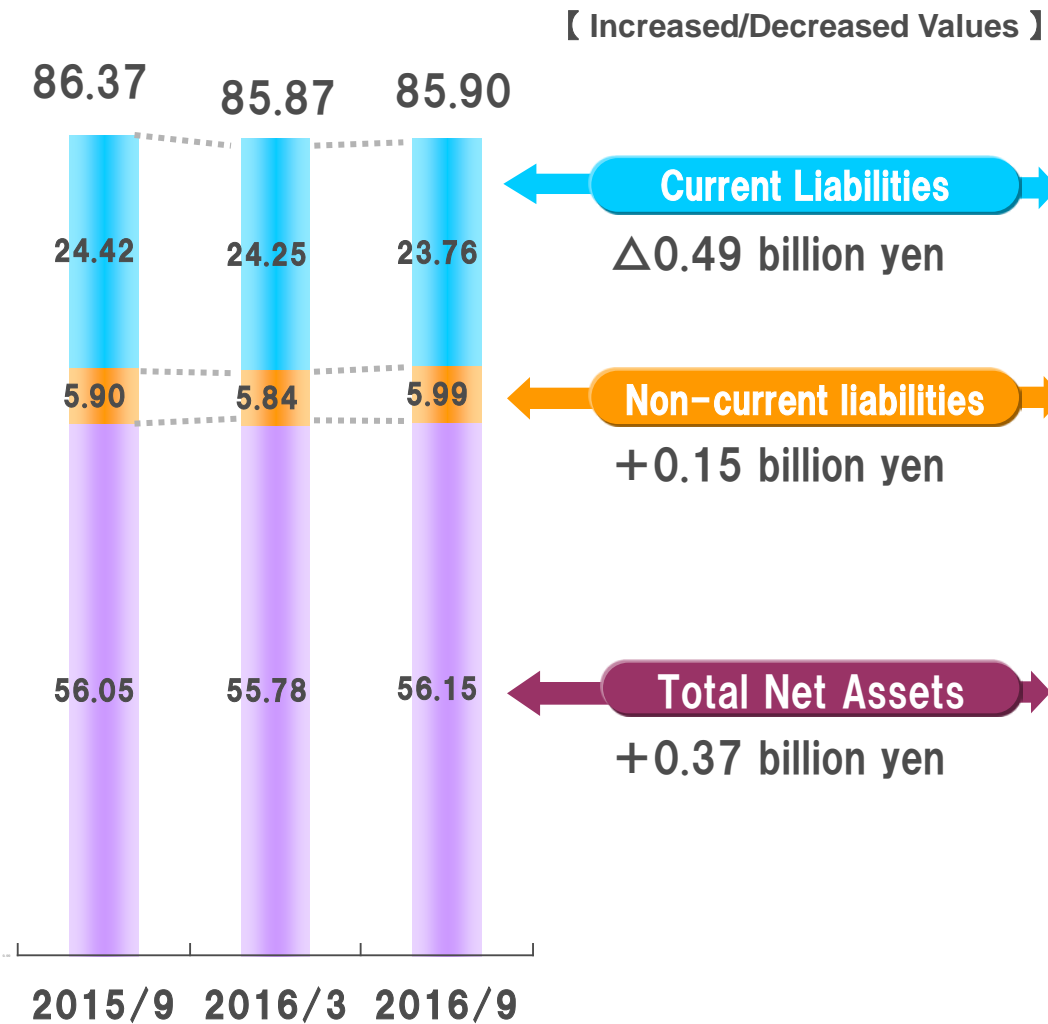




# 4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

## 【Liabilities・Minority Interests・Assets】



## 【Primary Reasons for Increase/Decrease】

● Short-term Borrowing	+ 430 million yen
● Electronically recorded obligations - operating	+ 2,480 million yen
● Accounts Payable-Trade	$\Delta$ 2,720 million yen
● Provision for loss on dissolution of employees' pension fund	$\Delta$ 890 million yen

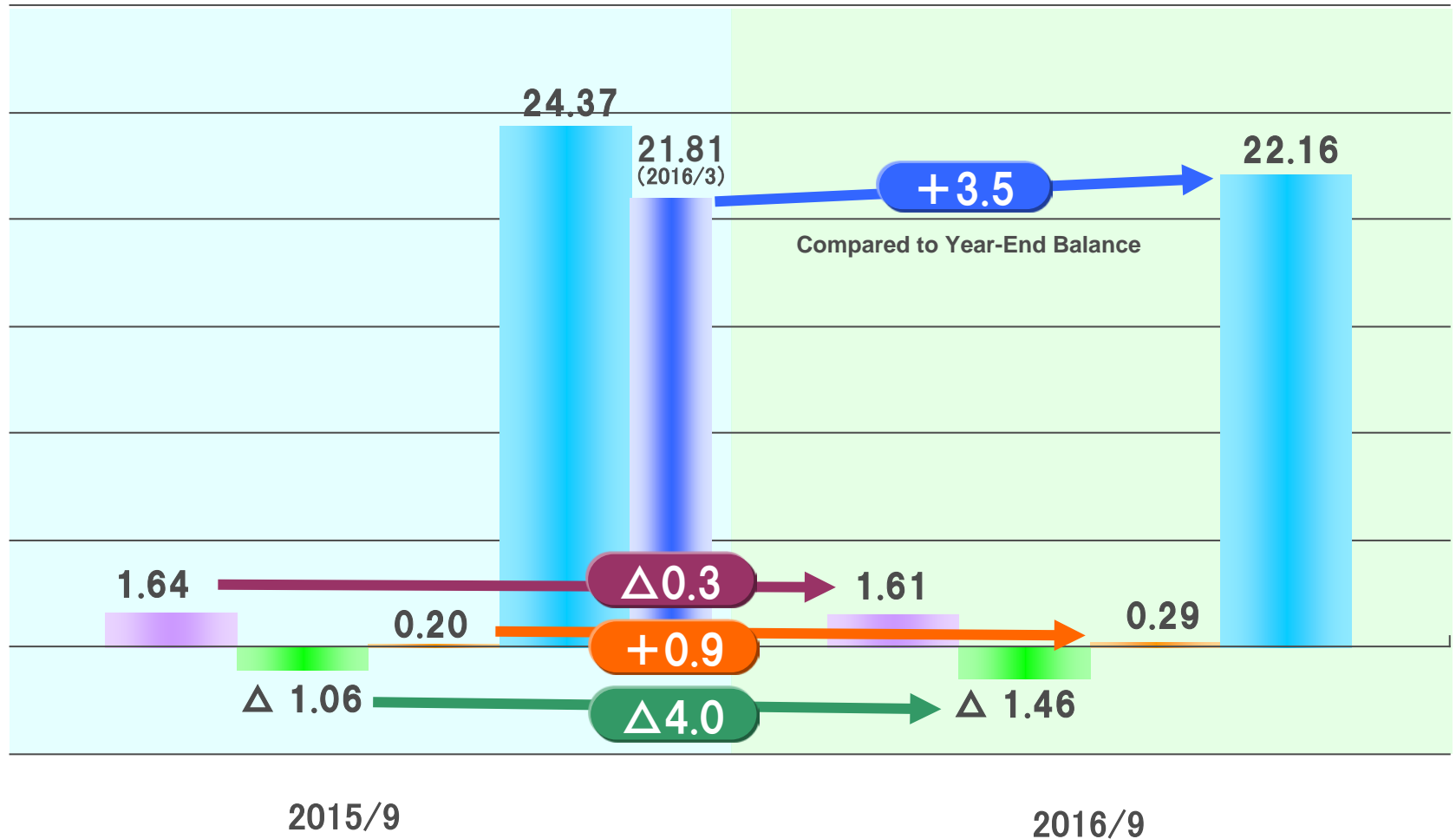
● Long-term Borrowing	+ 330 million yen
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● Interim Net Income	+ 93 million yen
● Dividends	$\Delta$ 420 million yen
● Decrease in Valuation difference on available-for-sale securities	$\Delta$ 110 million yen

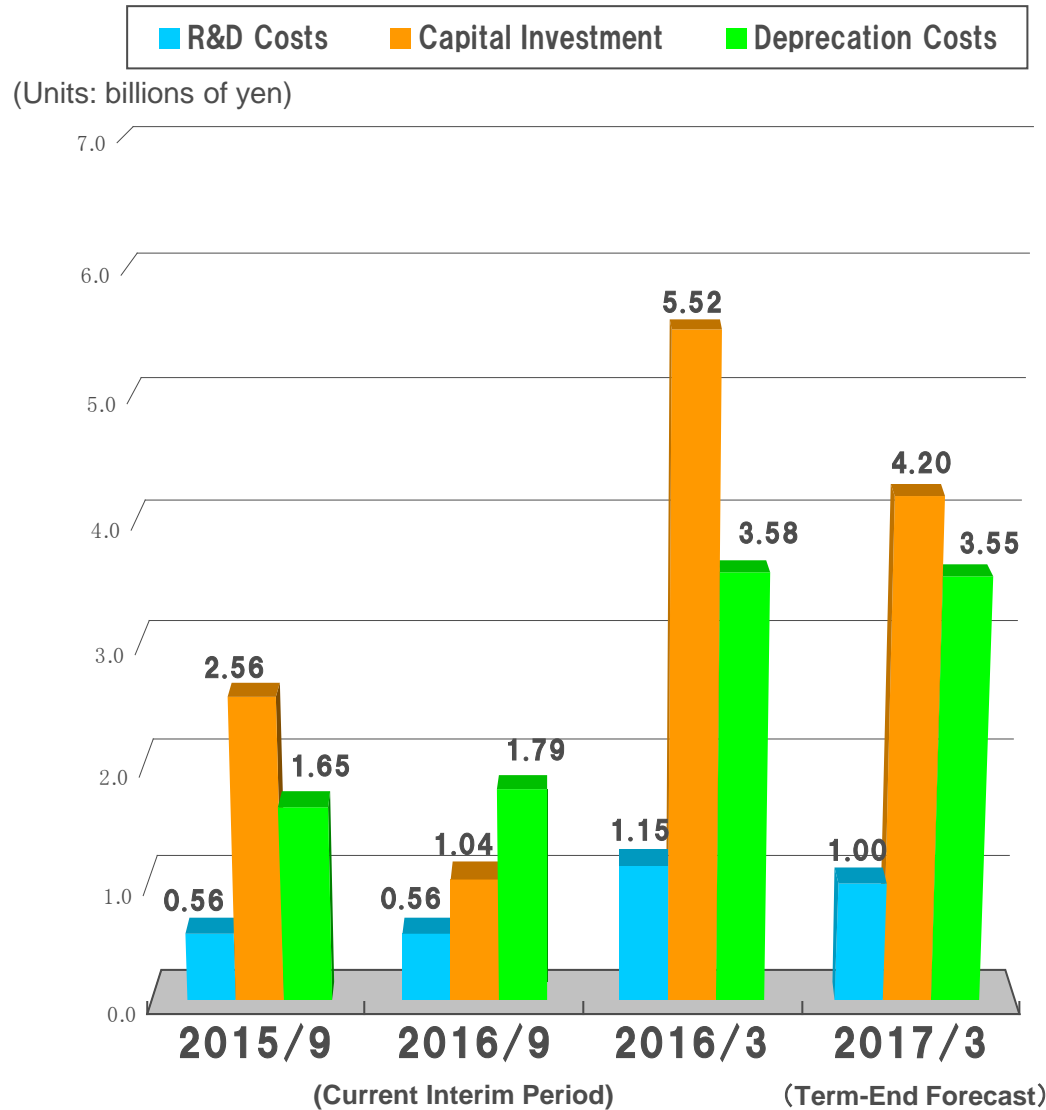
# 5. Consolidated Cash Flow Statement Summary

(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)



## 【FY2016 Major Capital Investment Details】

### First-Half Results

- ① Production Equipment      360 million yen
- ② Showroom Renovation      450 million yen
- ③ Information Investment      150 million yen
- ④ Others                              80 million yen

### Second-Half Plans

- ① Production-Related      450 million yen
- ② Operations-Related      1,730 million yen
- ③ Information-Related      870 million yen
- ④ Others                              110 million yen

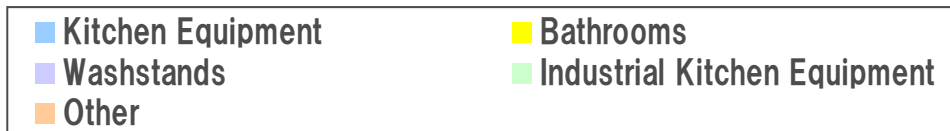
## 7. Outline of Non-Consolidated Results for Interim Period Ended September 2016



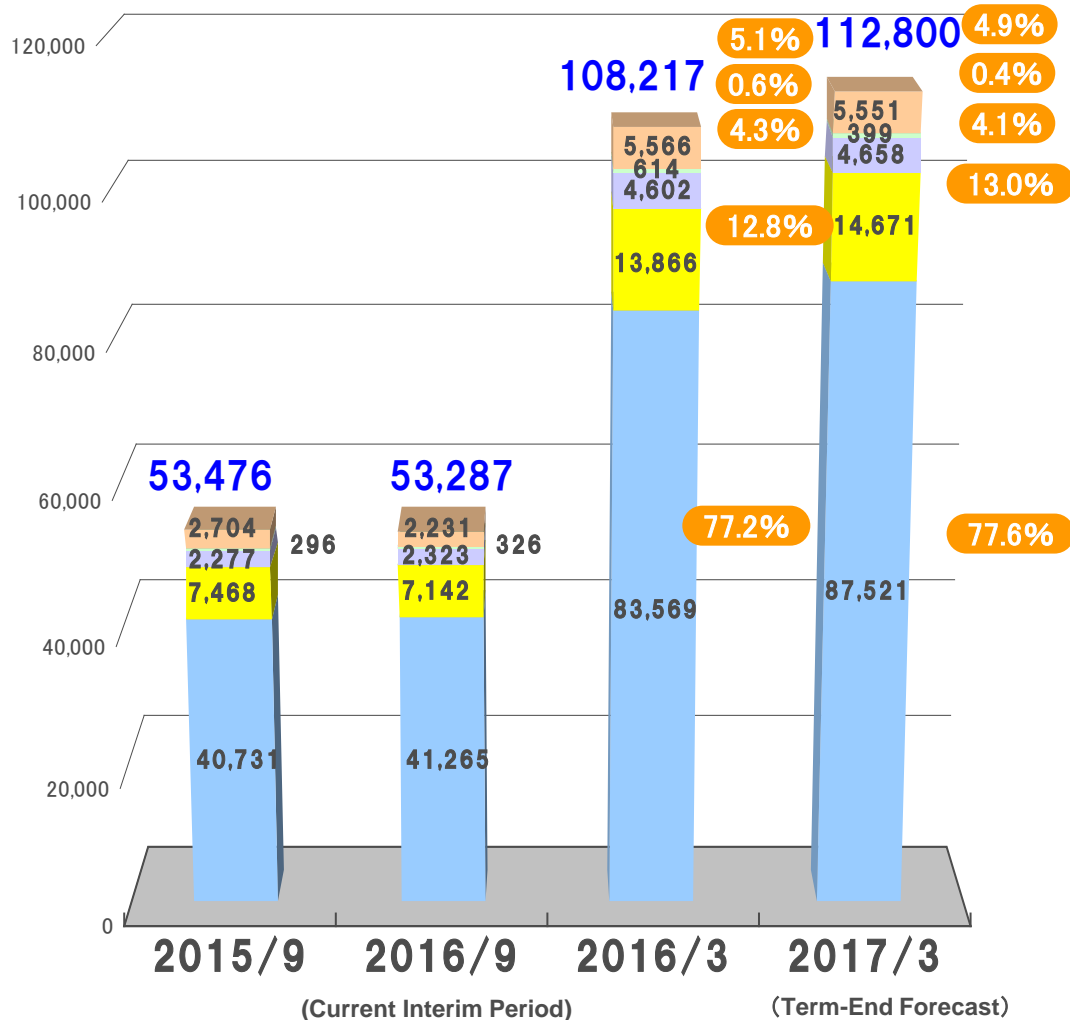
(Units: millions of yen)

	2016/9 (Actual Results)	2015/9 (Actual Results)	<i>Change From Prev. Period</i>
<b>Net Sales</b>	<b>53,287</b>	<b>53,476</b>	<b><i>Δ0.3%</i></b>
<b>Operating Income</b>	<b>956</b>	<b>282</b>	<b><i>+238.8%</i></b>
<b>Ordinary Income</b>	<b>1,056</b>	<b>403</b>	<b><i>+161.7%</i></b>
<b>Interim Net Income</b>	<b>889</b>	<b>212</b>	<b><i>+318.3%</i></b>
<b>Interim Net Income Per Share</b>	<b>21.39yen</b>	<b>5.11yen</b>	<b><i>+318.6%</i></b>

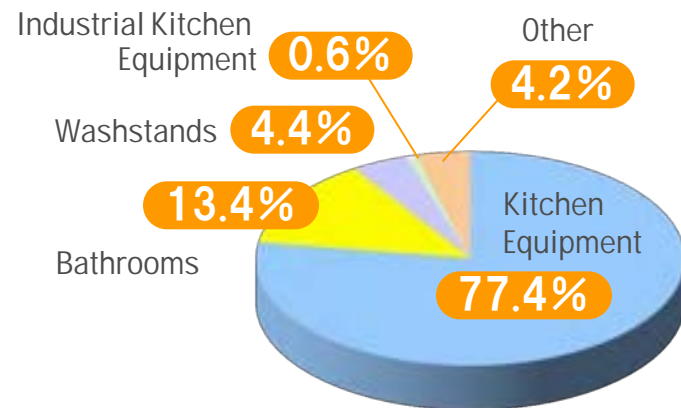
# 8. Non-Consolidated Sales Composition By Segment



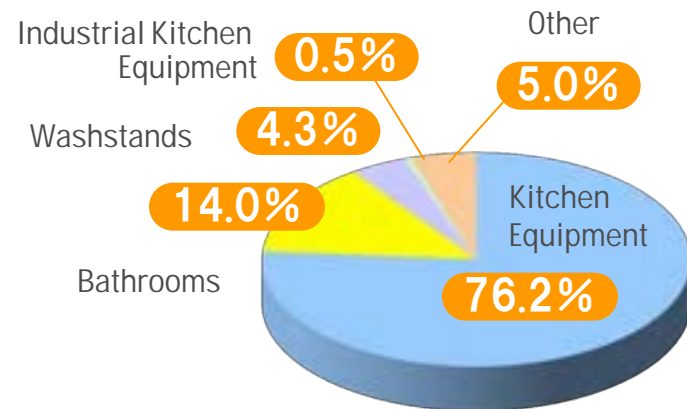
(Units: millions of yen)



**【2016/9】**



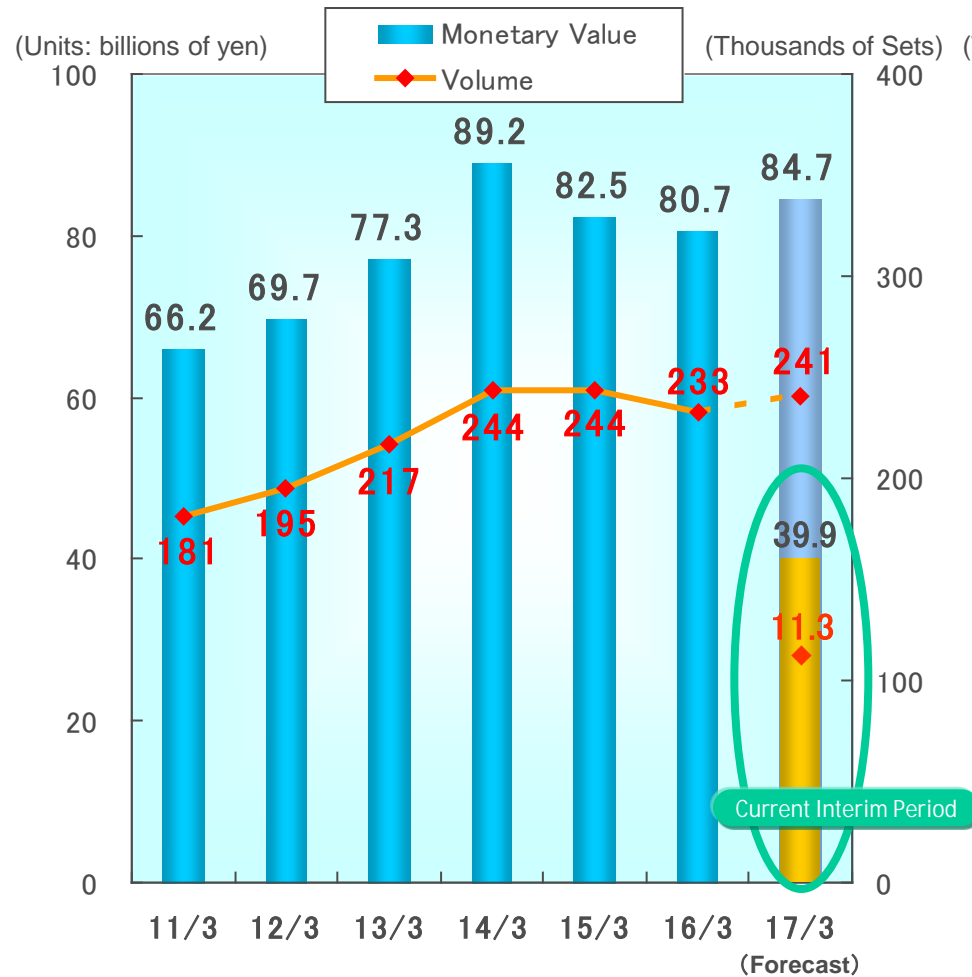
**【2015/9】**



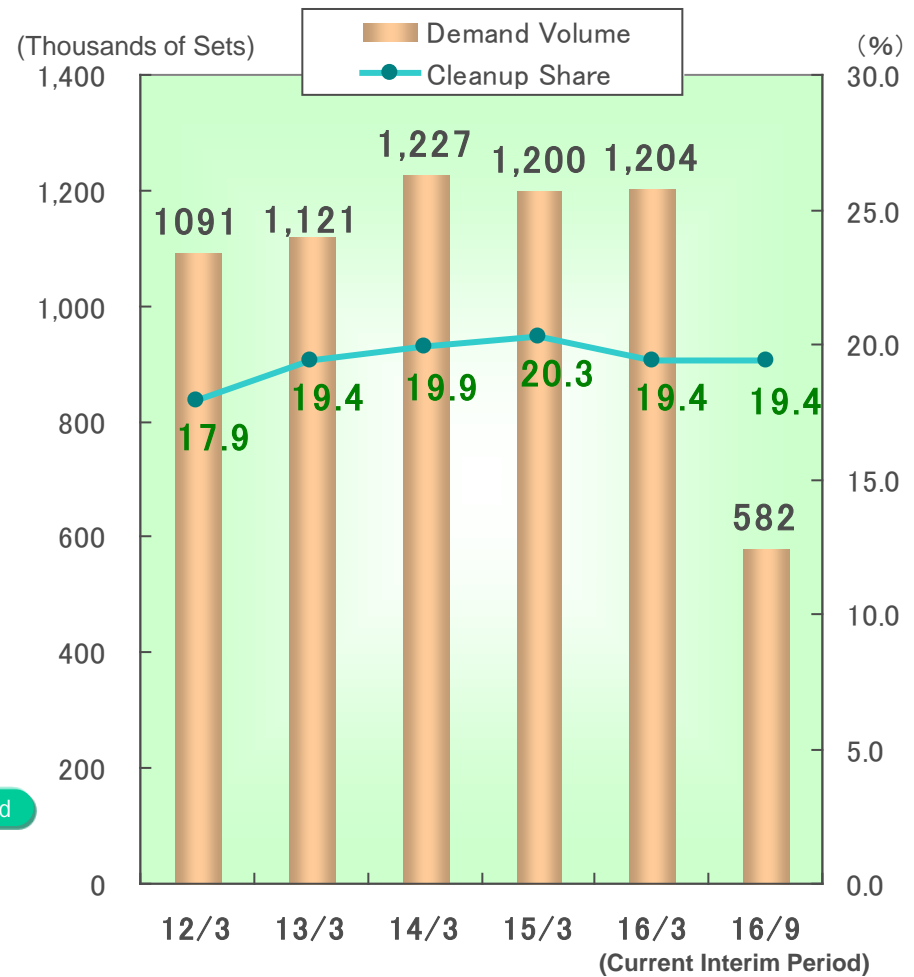
# 9. Sales Results For Major Products and Cleanup Market Share - 1/3



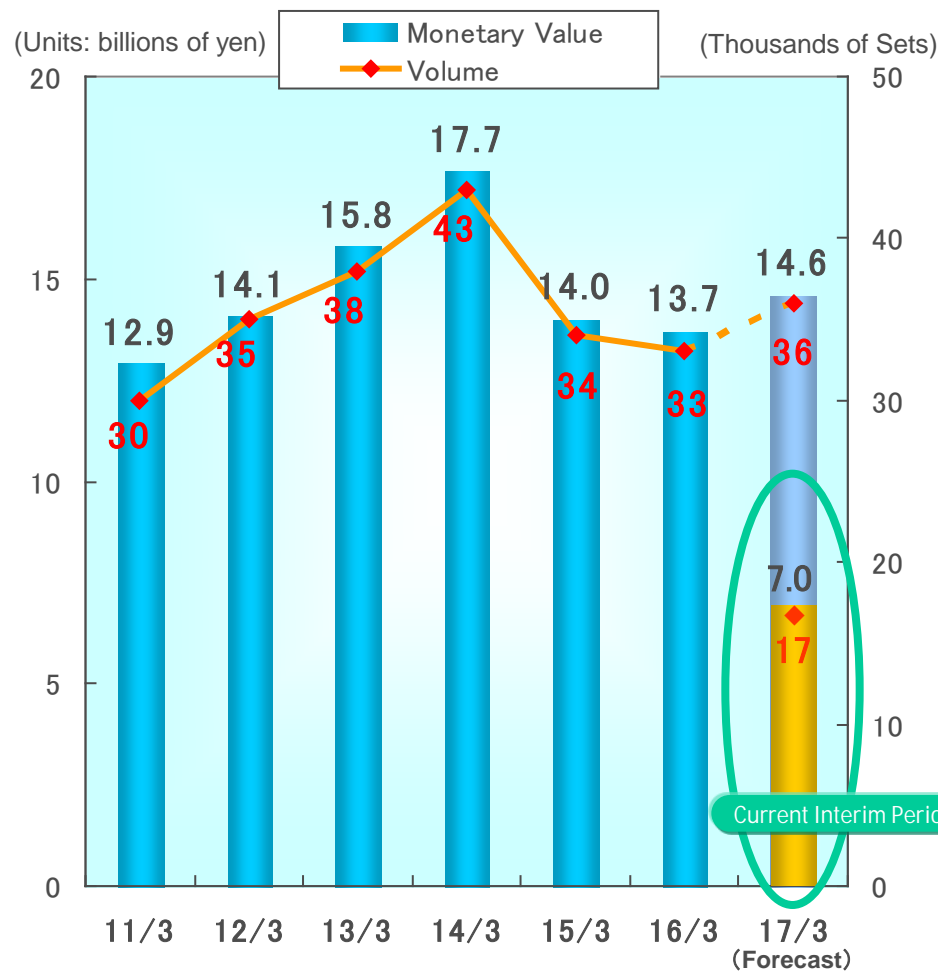
## Complete System Kitchen Sales Results



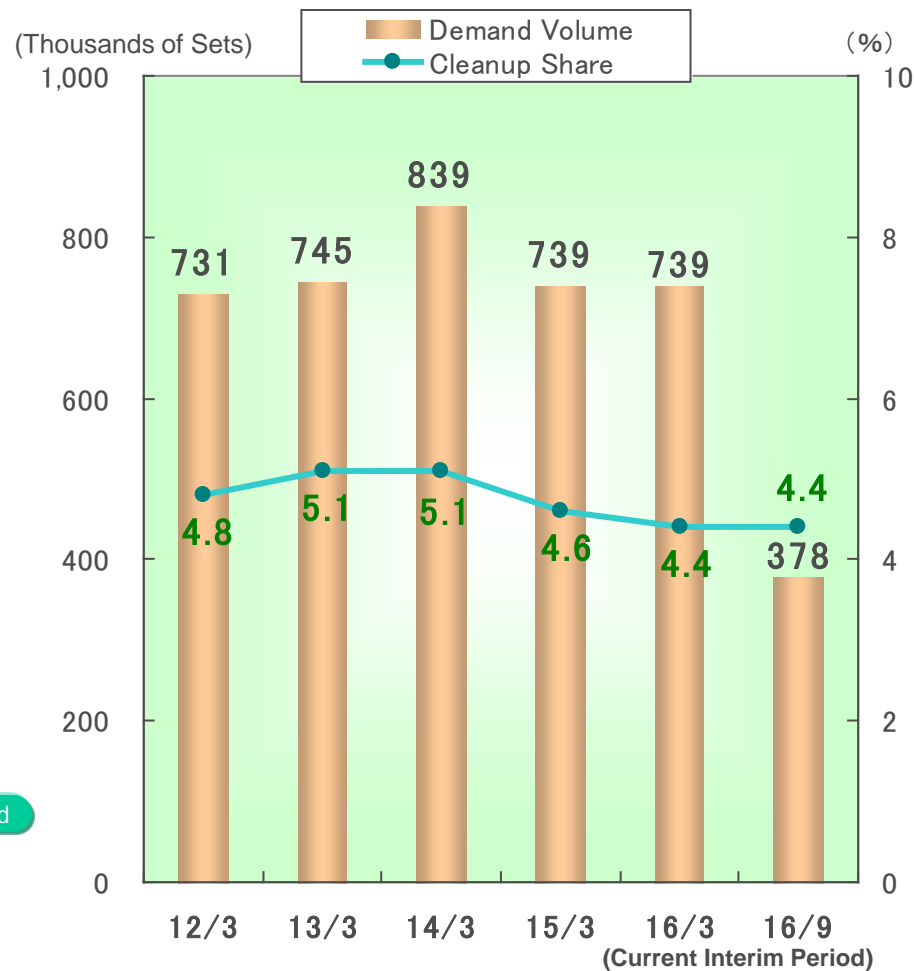
## Demand Trends and Market Share



## Modular System Bathroom Sales Results



## Demand Trends and Market Share

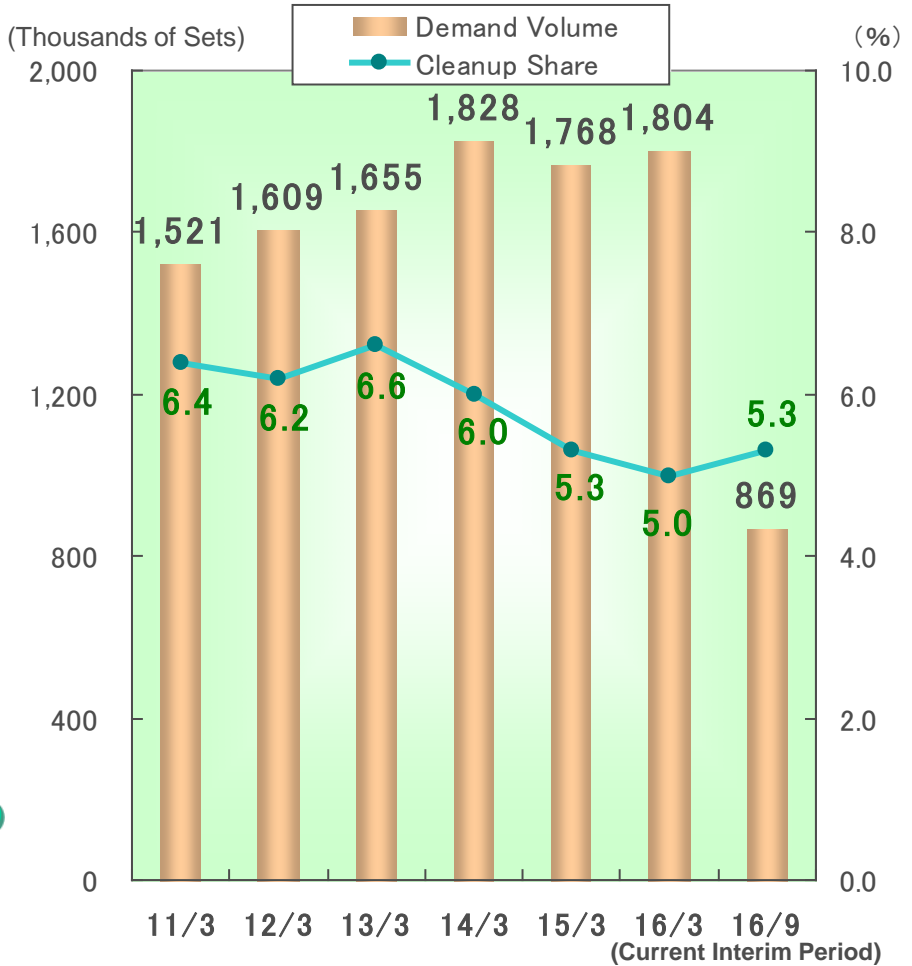
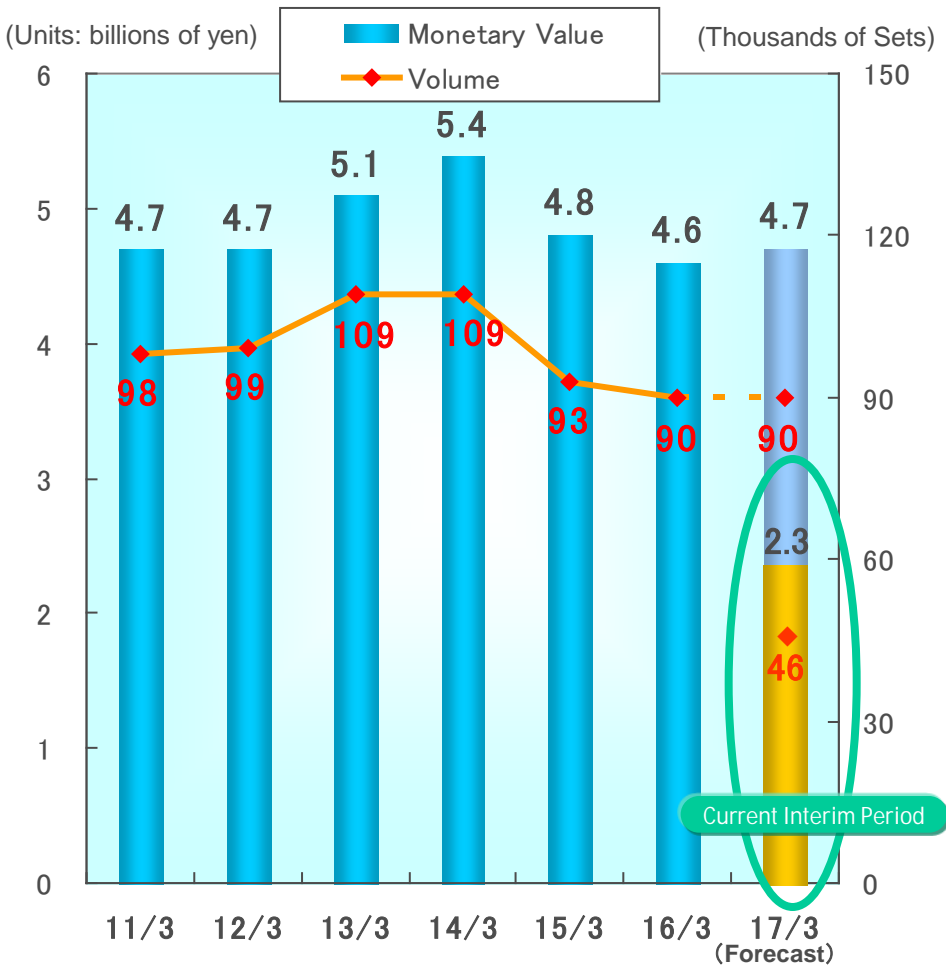


# 9. Sales Results For Major Products and Cleanup Market Share - 3/3



## Washstands/Vanities

## Demand Trends and Market Share





# 10. Forecasted Consolidated Results For The Period Ending March 2017

(Units: millions of yen)

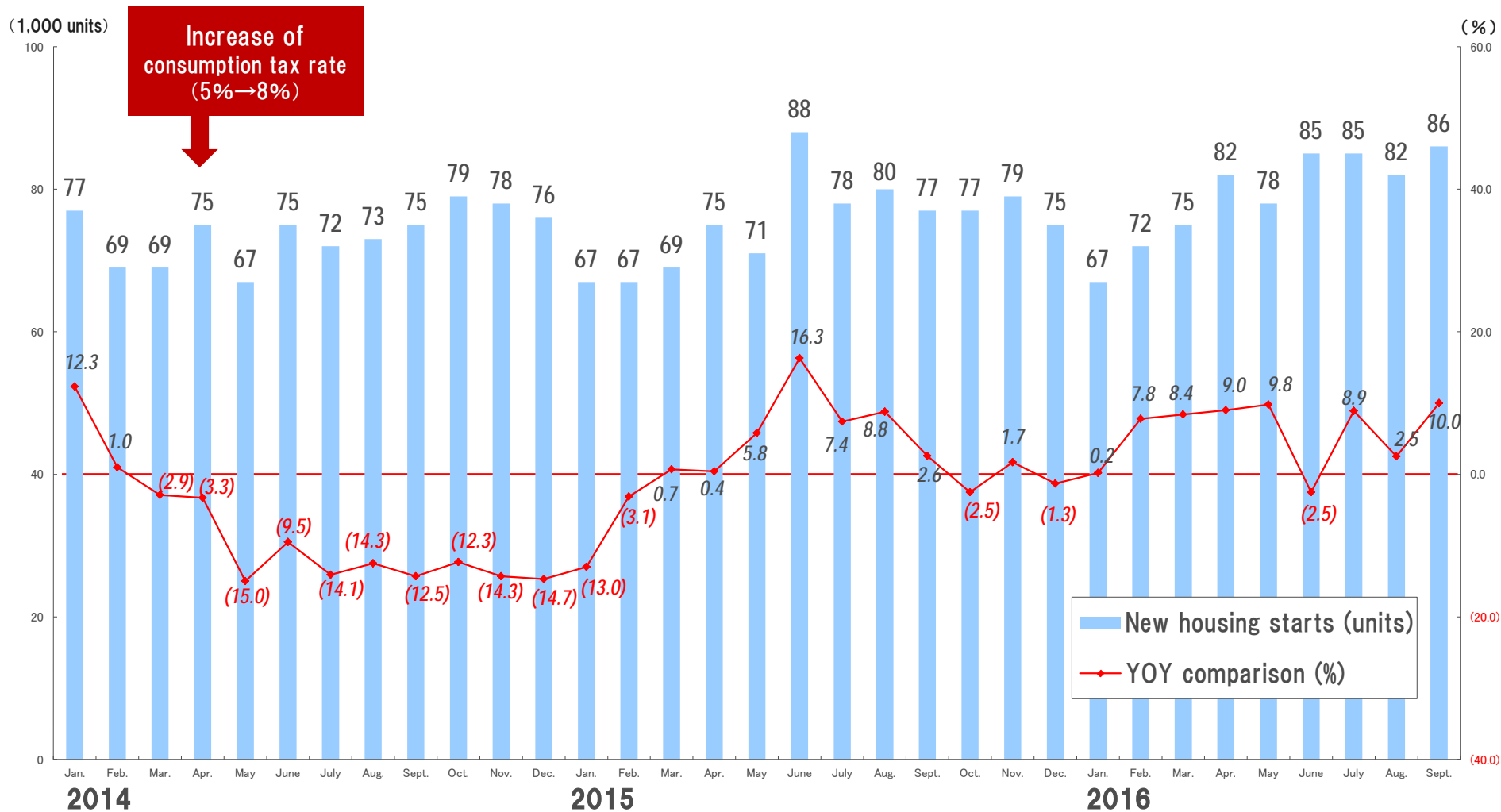
	<b>2016/3</b> (Actual Results)	<b>2017/3</b> (Forecast)	<i>Change From Prev. Period</i>
<b>Net Sales</b>	<b>114,445</b>	<b>119,000</b>	<b>+4.0%</b>
<b>Operating Income</b>	<b>1,129</b>	<b>2,500</b>	<b>+121.4%</b>
<b>Operating Margin</b>	<b>1.0%</b>	<b>2.1%</b>	—
<b>Ordinary Income</b>	<b>867</b>	<b>2,200</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>1,450</b>	<b>+325.6%</b>
<b>Net Income Margin</b>	<b>0.3%</b>	<b>1.2%</b>	—

## II . Future Strategy

(Summary of Medium-Term Management Plan/  
Activities and Principal Results for 2016)

# 1. Management Environment:

Transition in the amount of new construction work started for residential properties



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

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

**Gradual recovery (500,151 units)**

\* 国土交通省 建築着工統計調査報告

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.

### 3. Status of "Maximization of Added Value" Activities (1)

## Sales promotions with marketing activities intended primarily for "S.S." and "Cleanlady"

Stainless Cabinet Kitchen  
クリンレディ



May 2015 Full model change



流レールシンク  
水のチカラでキレイをキープ

GOOD DESIGN AWARD 2015  
BEST 100



S.S.

Stainless System Kitchen



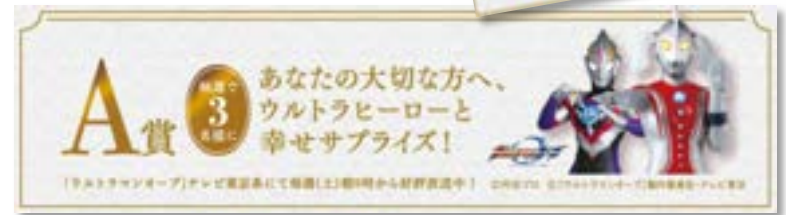
### ◆ Sales promotional campaigns ◆

Held at sales offices and showrooms across Japan

Find out in order to benefit Experiential Fair (Shittoku Fair)



2016 Autumn



Held at showrooms across Japan primarily based on internet applications

Ultra Nagarail Campaign 2

## Promoting the renewal of products and the development of new products aimed at enhancing the “Comprehensive Strength in Water Section” for the renovation market

[Renewal]

Residential innovation demand for younger generations captured in field of view...

### System Kitchen “Rakuera”



Often used small articles are efficiently accessed in the base cabinet with the “Follow Pallet”.



Significantly improving efficiency of accessing stored articles, while maintaining furniture design with simple doors!

Main points of product renewal

- Enhanced designability and storability
- Improved renovation adaptive function

[Product renewal & new products]

Introducing new “Nagarail Bowl LL”

### Vanity “FANCIO” and “BGA”



FANCIO



BGA



“Nagarail Bowl LL”

- The shape of the bowl reduces the amount of cleaning required.
- Dirt is collected in the “Nagarail” rail on the perimeter of the bowl to be drained.

The “Nagarail Bowl LL”, created based on the concept and know-how of the “Nagarail Sink”, has been given

### The Good Design Award



## Promoting the maintenance and enhancement of the sales organization with showrooms at the core

**“Cleanup Kitchen Town Nagoya”**  
Opened in October 2016



**KITCHEN TOWN**  
NAGOYA

Flagship showroom  
for central Japan

Flagship showroom  
for western Japan

From July 2012  
**KITCHEN TOWN**  
OSAKA

From October 2016  
**KITCHEN TOWN**  
NAGOYA

From October 2015  
**KITCHEN TOWN**  
TOKYO

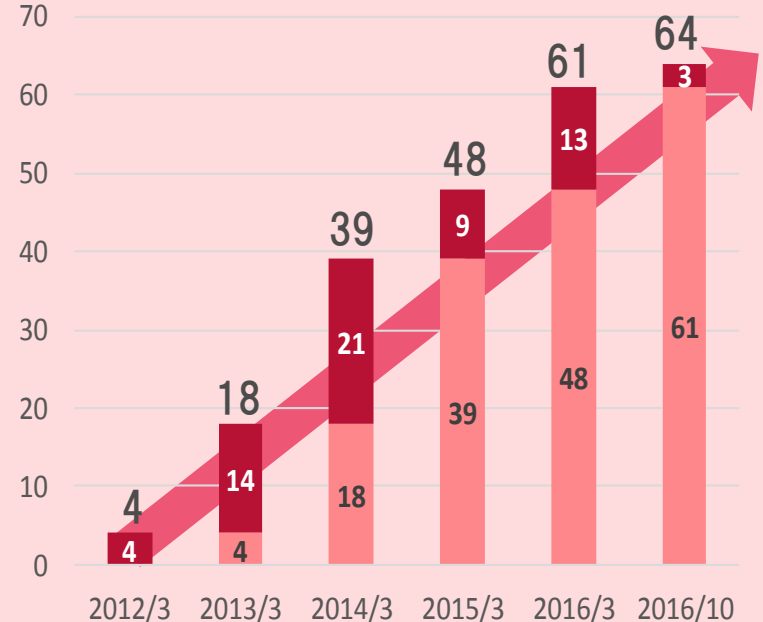
Flagship showroom  
for eastern Japan

**Build an organization with three  
flagship showrooms**

**Continue with aggressive refurbishments to  
improve the attractiveness  
of showrooms, which serve as the source  
of “lifestyle values”**

**Transition in the number of refurbished showrooms**

(Number of sites)





## Full-scale operation of the new press line began at Tsuyama Factory

 Reorganization of production organizations in the east and west are now completed.



**Press forming of "cabinet + counter + sink" now possible**

⇒ Delivery of components in sets for regions around Nagoya and western areas

[Flow of organizational enhancements at Tsuyama Factory]

**Aiming to establish a completely autonomous production organization for system kitchens in the Western Japan District ...**

- February 2013: Extension of factory completed
- June 2013: Operation of new production line for kitchen counters started
- February 2016: New press line for kitchen sinks completed
- July 2016: Full-scale operation of new press line started



## 4. Status of “Evolution of Management Base” Activities (2)

Promoting the creation and improvement of our brand value that is unique to a specialty manufacturer through the disseminating of various “lifestyle values”, intended for every generation

[Case example of “lifestyle value” dissemination (1)]  
Children’s Culinary Science Class

### Wakuwaku Kitchen! (Exciting Kitchen) Meal transformation class

(Conducted three times during August at  
Cleanup Kitchen Town, Tokyo)



[Case example of “lifestyle values” dissemination (2)]  
Seminar on prevention of dementia

### Ikiiki Kitchen! (Lively Kitchen) Anti-aging with meals

(Conducted three times between October and December at  
Cleanup Kitchen Town, Tokyo)



## 4. Status of “Evolution of Management Base” Activities (3)

The futuristic kitchen “DAIDOCORO 2016” was exhibited at the “Milan Design Week” held at the same time as Salone del Mobile Milano

(April 12 to 17, 2016)



JAPANESE KITCHEN  
DAIDOCORO

Theme:  
Superimposition

“Create”, “Eat”, “Relax”, “Entertain”  
Four scenes are superimposed  
to express a new living and dining space  
where the “family get together”,  
A futuristic kitchen concept launched to the world.



Number of visitors:  
Approx. 5,000 people



# 5. Status of "Overseas Market Acquisition" Activities

## ● 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



For any questions concerning investor relations,  
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