

アイトゥー[®]

キッチンから、笑顔をつくろう

Presentation Material:
Announcement of FY 2018 Year-End Results

May 20, 2019



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I . Results Outline

1. Outline of Consolidated Results for the Period Ended March 2019

(Units: millions of yen)

	2019/3 (Actual Results)	2018/3 (Actual Results)	Change From Prev. Period	2019/3 (Revised Forecast)
Net Sales	104,486	107,386	△2.7%	106,000
Operating Income	△465	398	—	△750
Ordinary Income	△376	418	—	△720
Profit attributable to owners of parent	△704	49	—	△1,220
Net Income Per Share	△19.26yen	1.34yen	—	33.34yen

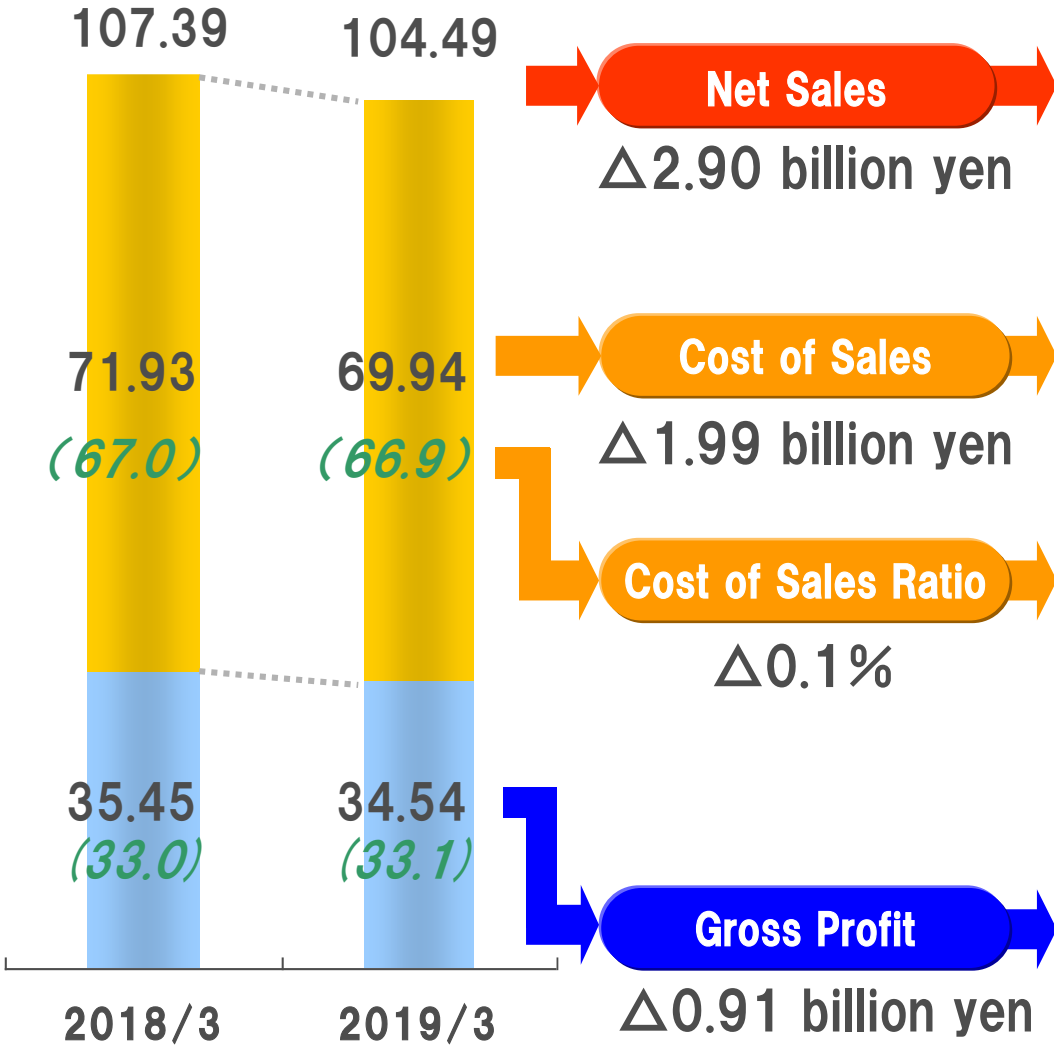
* Revised Forecast : Announced October 31, 2018

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



● System Kitchens	Δ 2,030 million yen
● System Bathrooms	Δ 550 million yen
● Washstands	Δ 20 million yen

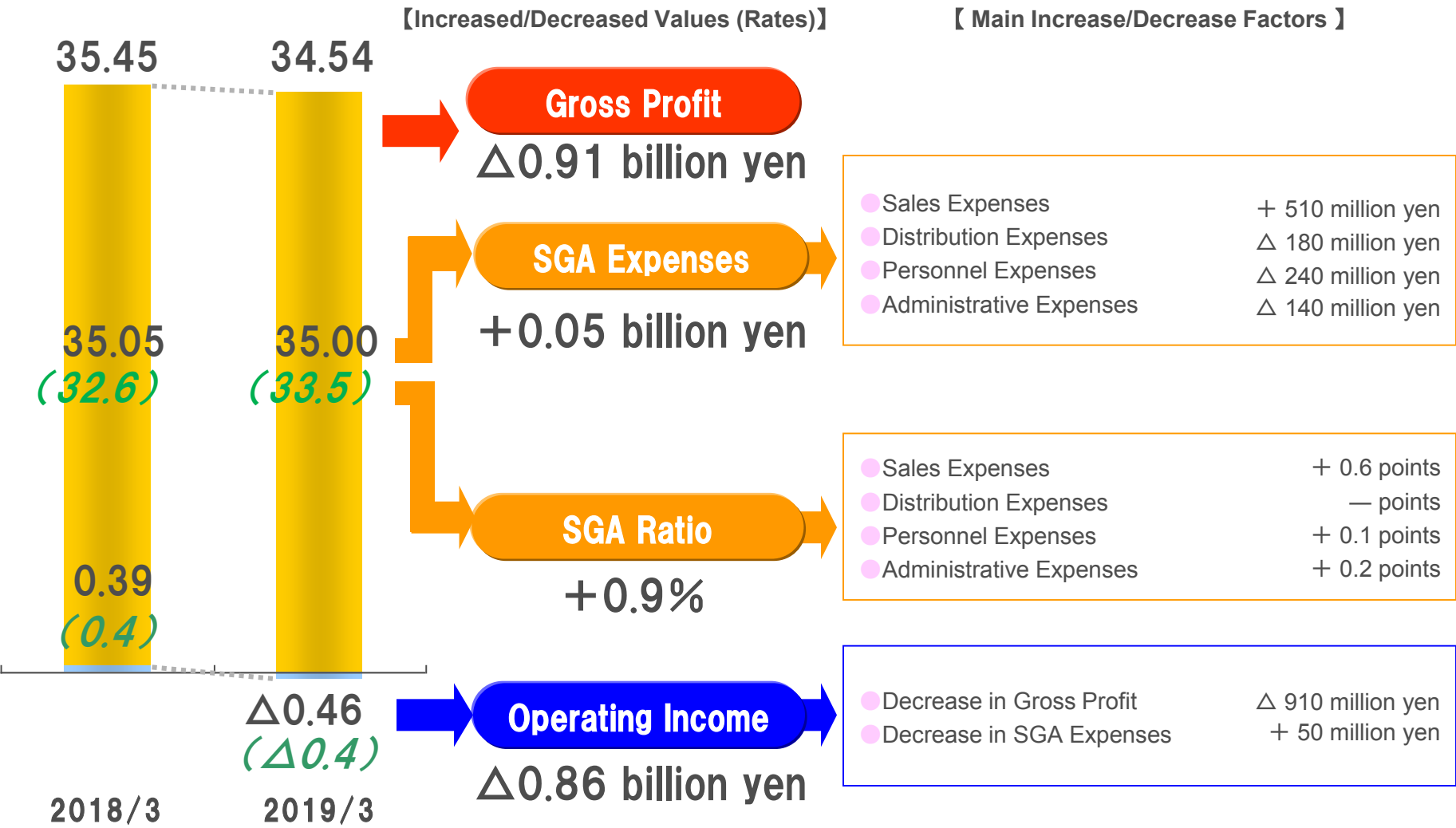
● Decrease Due to Decreased Earnings	Δ 1,940 million yen
● Decrease Due to Decreased Cost of Sales Ratio	Δ 50 million yen

● Decrease in CENTRO, STEDIA Cost Ratio	Δ 1.39 points
● Increase in RAKUERA Cost Ratio	+ 0.15 points
● Decrease in System Bathrooms Cost Ratio	Δ 0.47 points
● Raw Materials, Cost Reduction etc.	+ 1.61 points

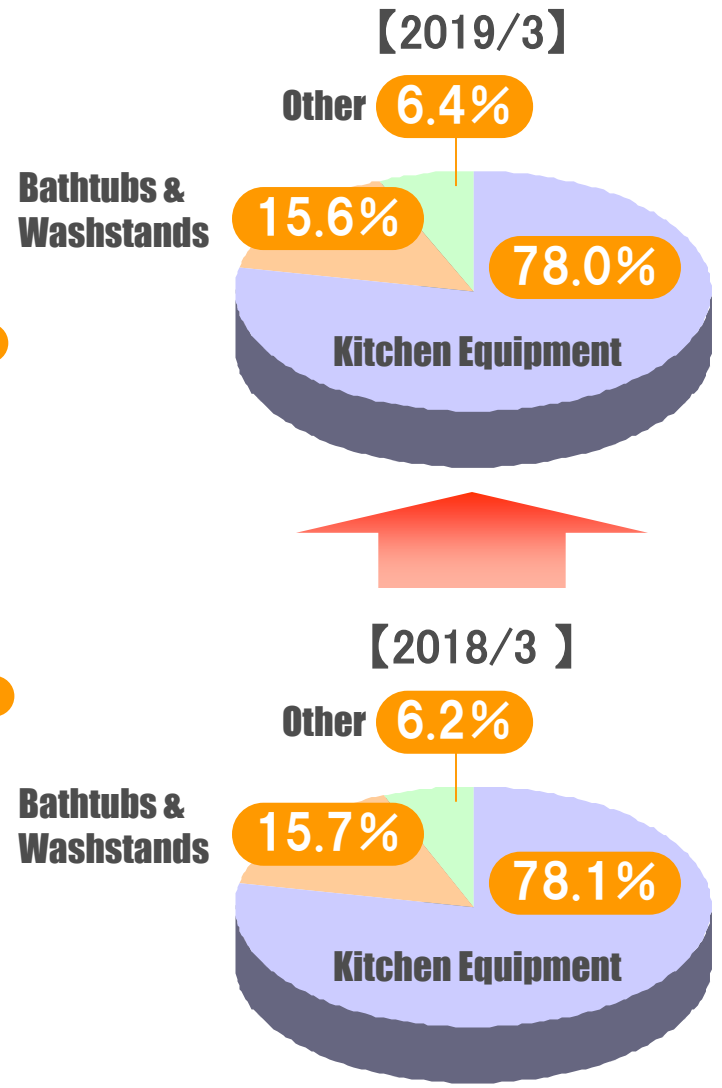
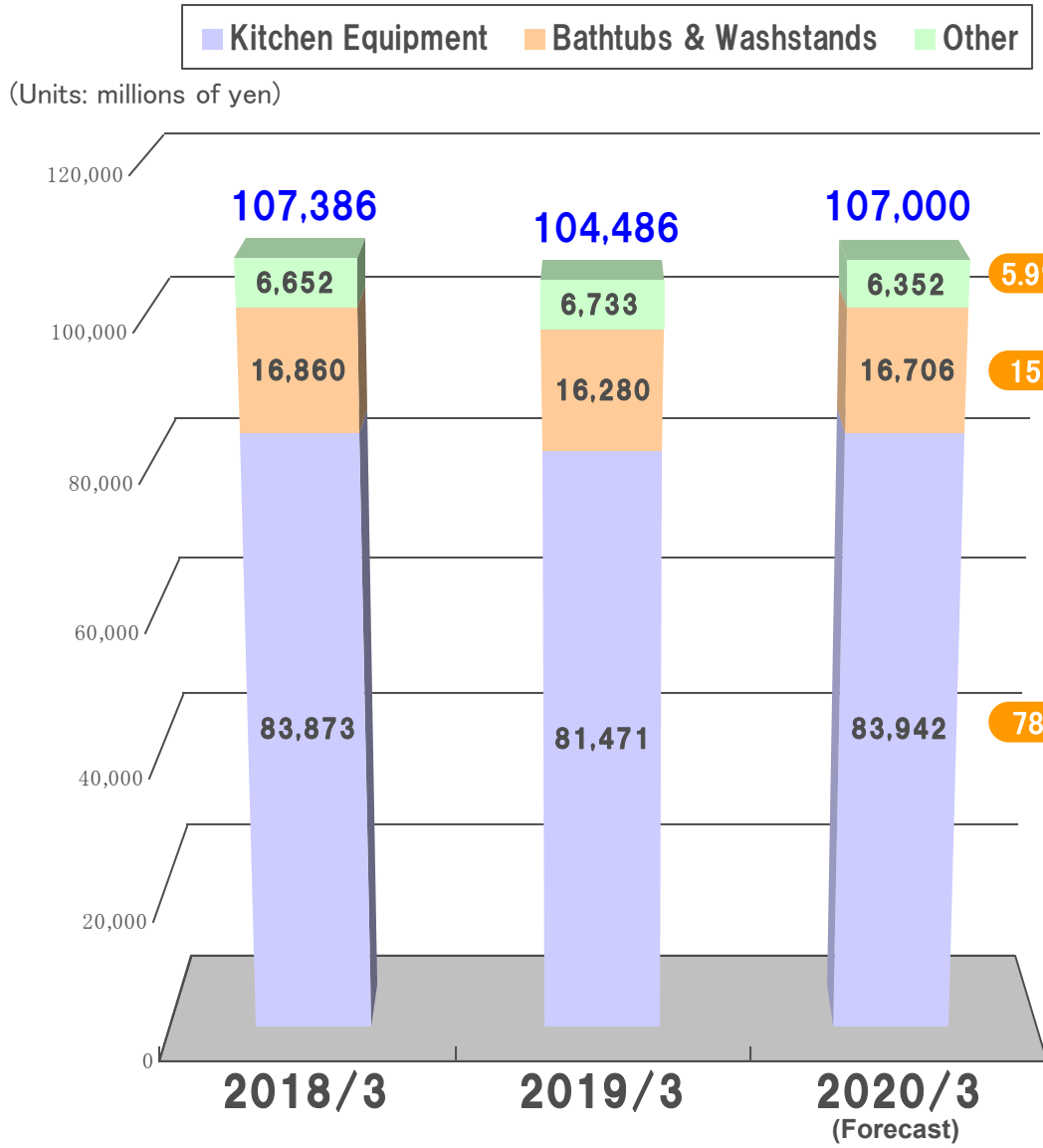
● Decrease Due to Decreased in Net Sales	Δ 960 million yen
● Increase in Gross Profit Ratio	+ 50 million yen

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

(Units: billions of yen)

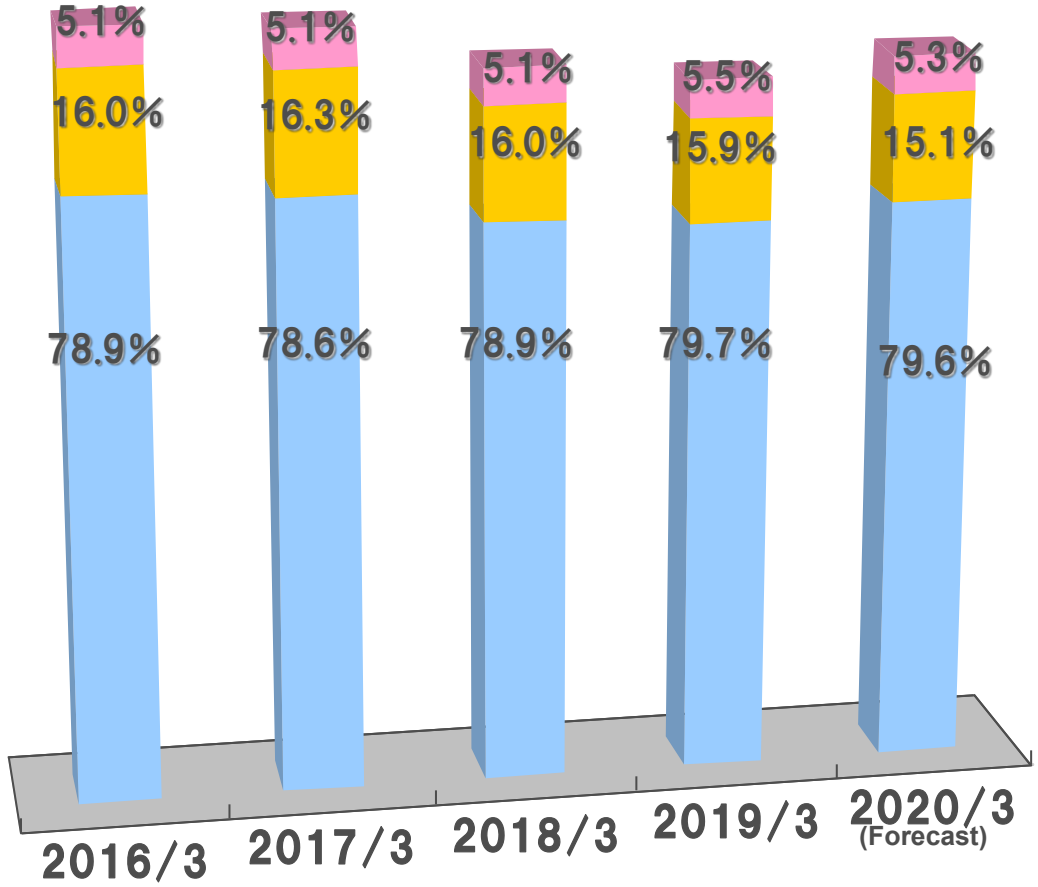


3. Sales Composition (1) By Segment (Consolidated)



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

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



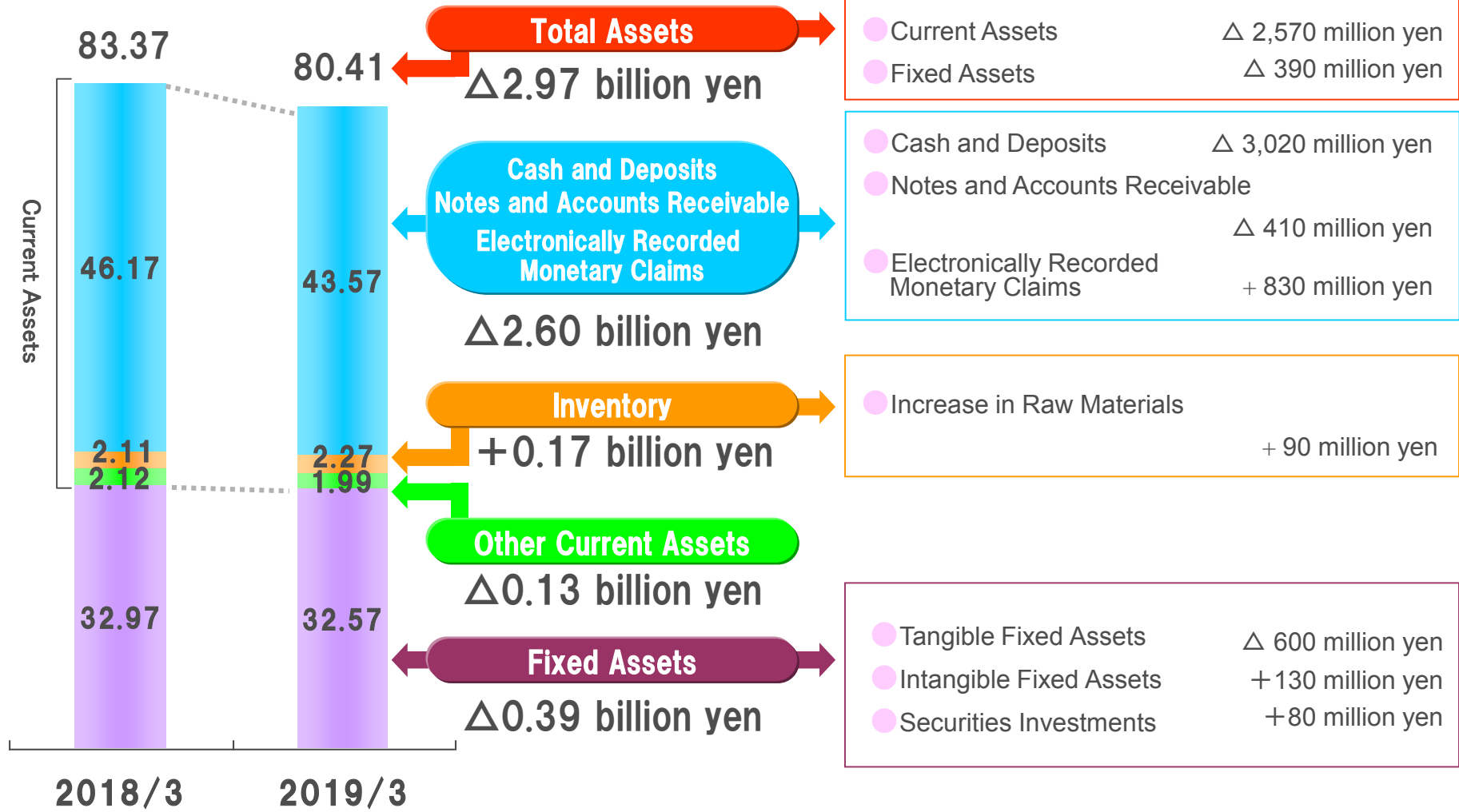
4. Consolidated Balance Sheet Summary – 1/2

【Assets】

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】

(Units: billions of yen)



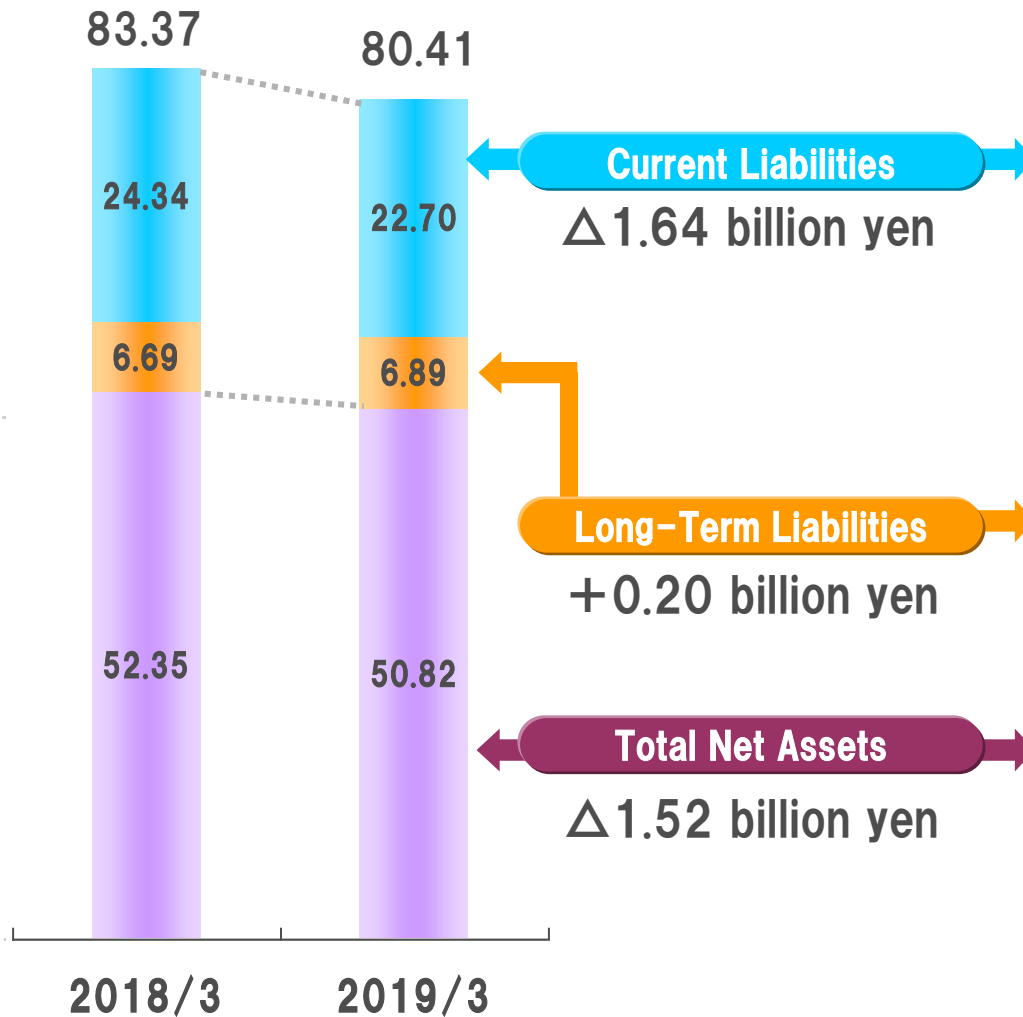
4. Consolidated Balance Sheet Summary – 2/2

【Liabilities / Net assets】

(Units: billions of yen)

【 Increased/Decreased Values 】

【Primary Reasons for Increase/Decrease】



- Trade Accounts Payable, Other Accounts Payable Δ 330 million yen
- Short-term loans payable Δ 1,910 million yen
- Current portion of long-term loans payable + 190 million yen
- Provision for share-based remuneration + 250 million yen

- Long-term loans payable + 1,090 million yen
- Retirement benefit liability Δ 600 million yen
- Provision for share-based remuneration Δ 210 million yen

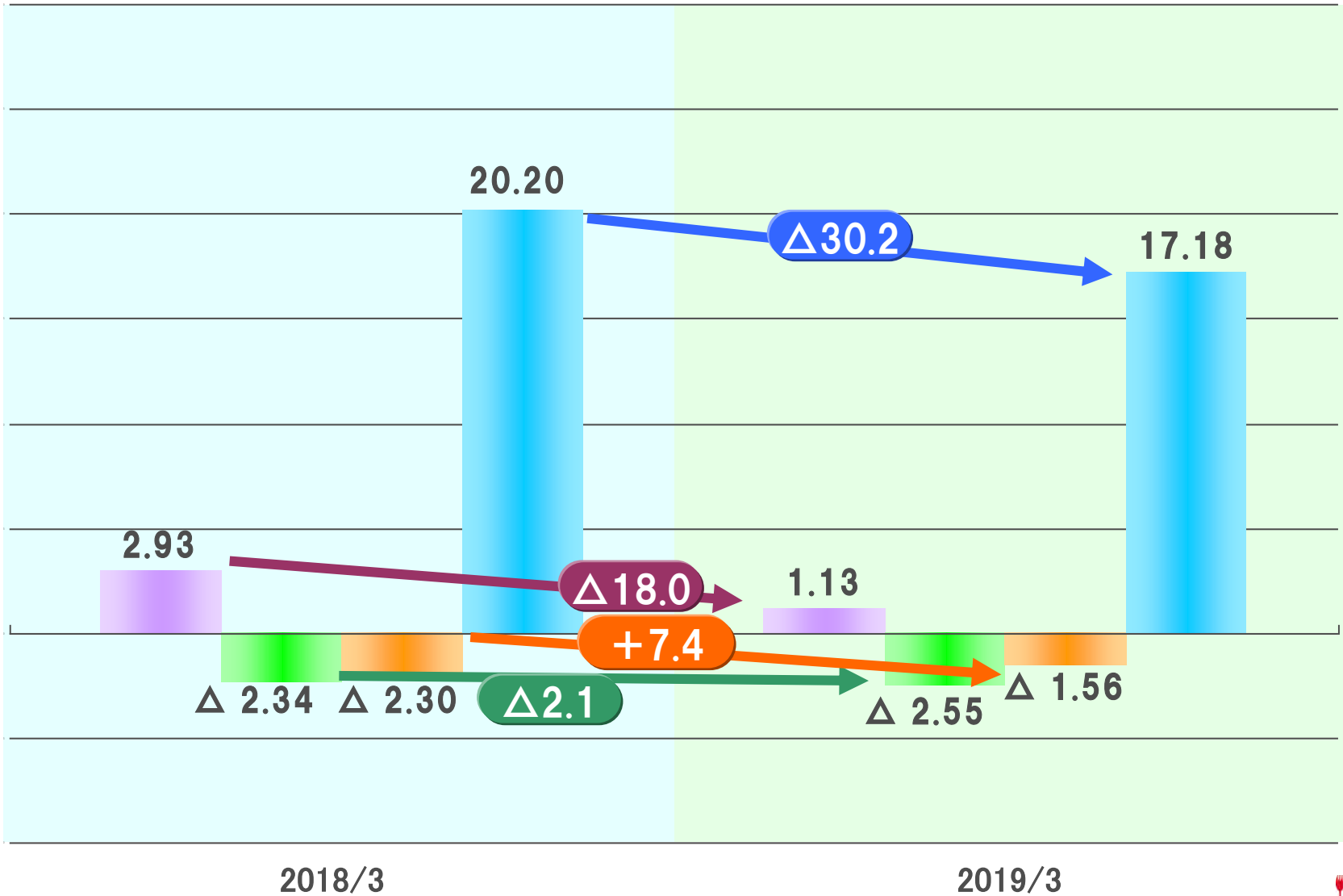
- Net Income Δ 700 million yen
- Dividends Δ 740 million yen
- Valuation Difference on Available-for-Sale Securities Δ 190 million yen
- Remeasurements of defined benefit plans + 160 million yen

5. Consolidated Cash Flow Statement Summary

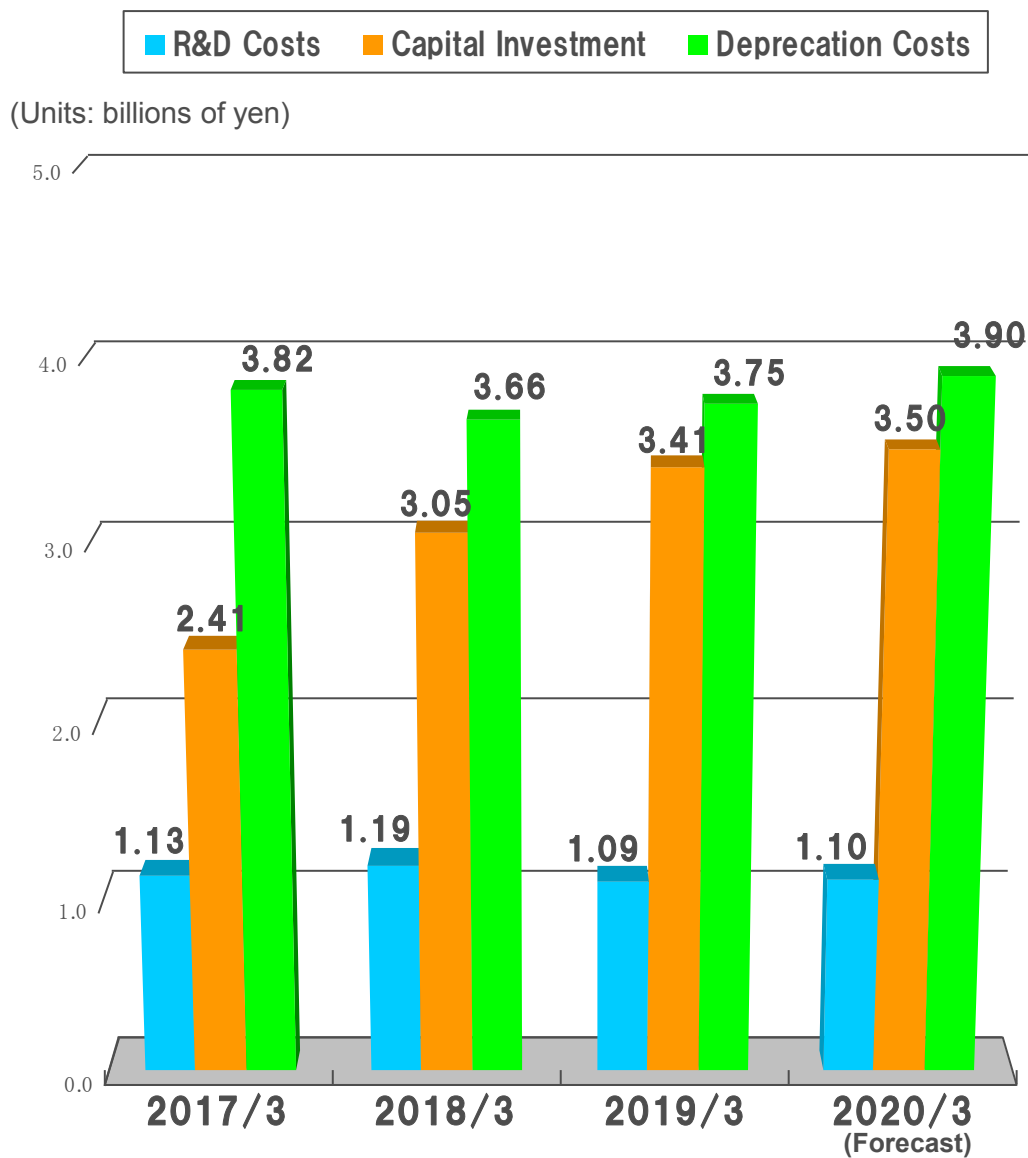
(Units: billions of yen)

■ Cash Flow from Operating Activities
■ Cash Flow from Financing Activities

■ Cash Flow from Investing Activities
■ Year-End Cash & Cash Equivalents Balance



6. Capital Investments (Consolidated)



【Major Capital Investment Details】

FY 2018 Results

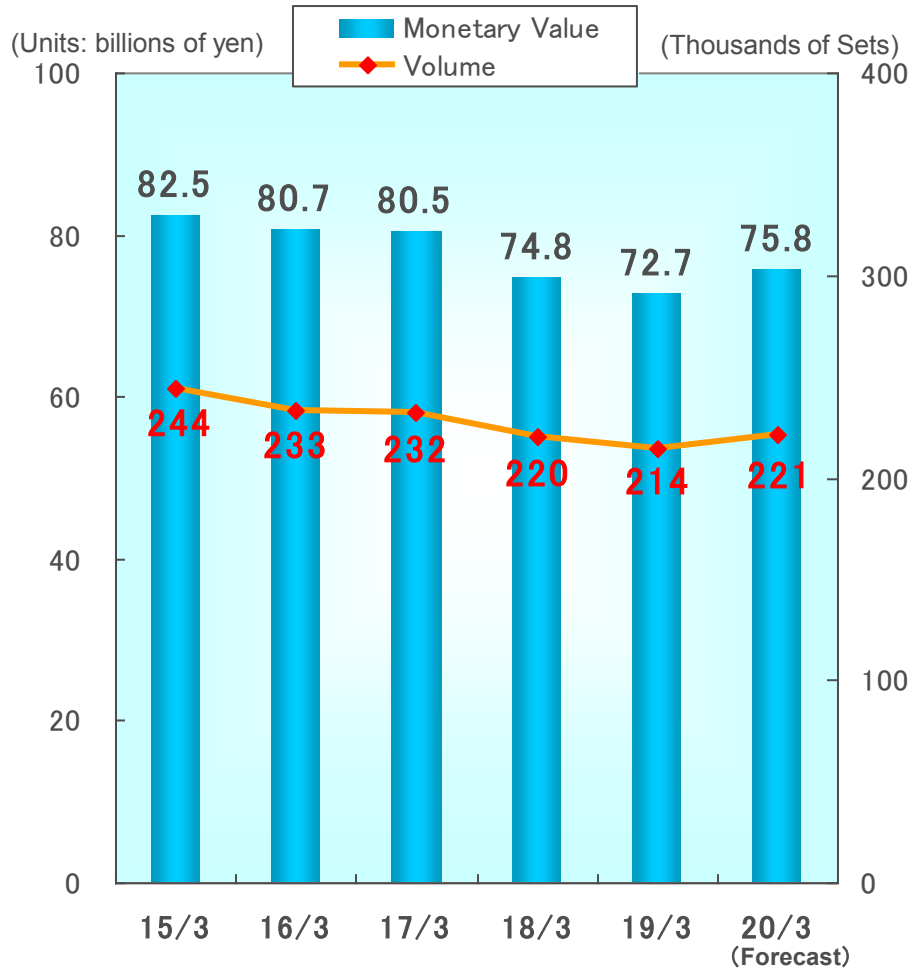
- ① Production-Related 1,040 million yen
- ② Showroom Renovation 1,330 million yen
- ③ Information Investment 990 million yen
- ③ Others 40 million yen

FY 2019 Plan

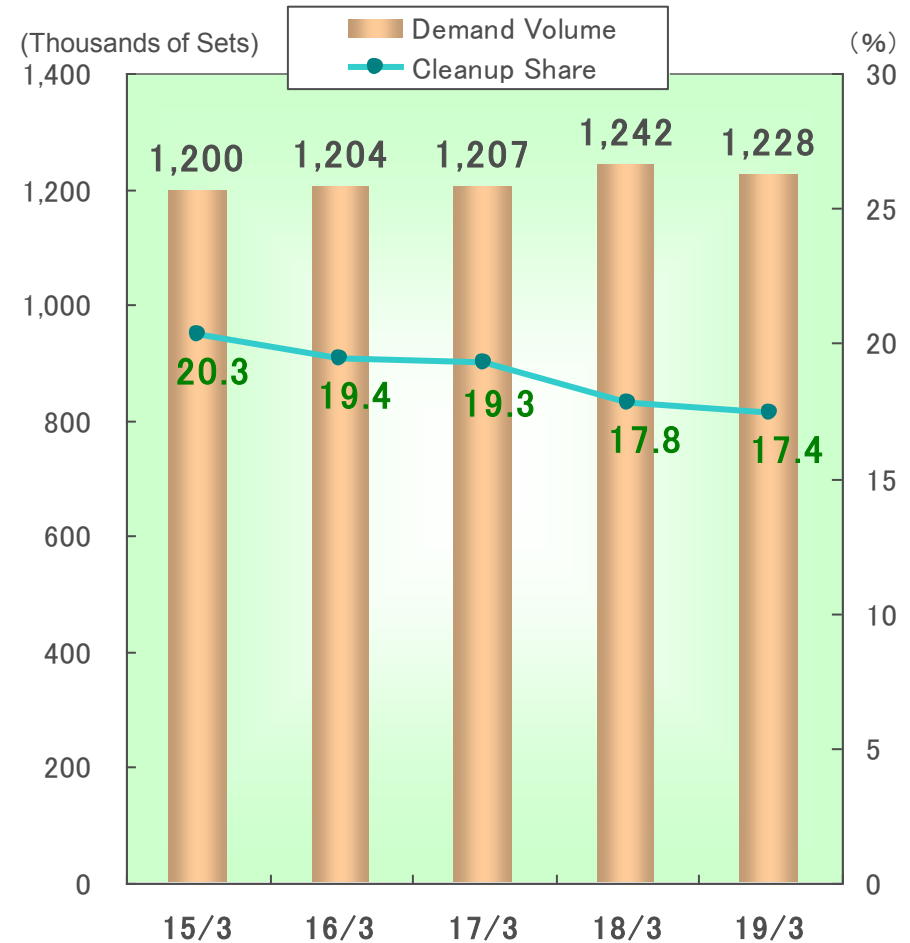
- ① Production-Related 1,040 million yen
- ② Operations-Related 1,380 million yen
- ③ Information-Related 940 million yen
- ④ Others 140 million yen

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

Complete System Kitchen Sales Results



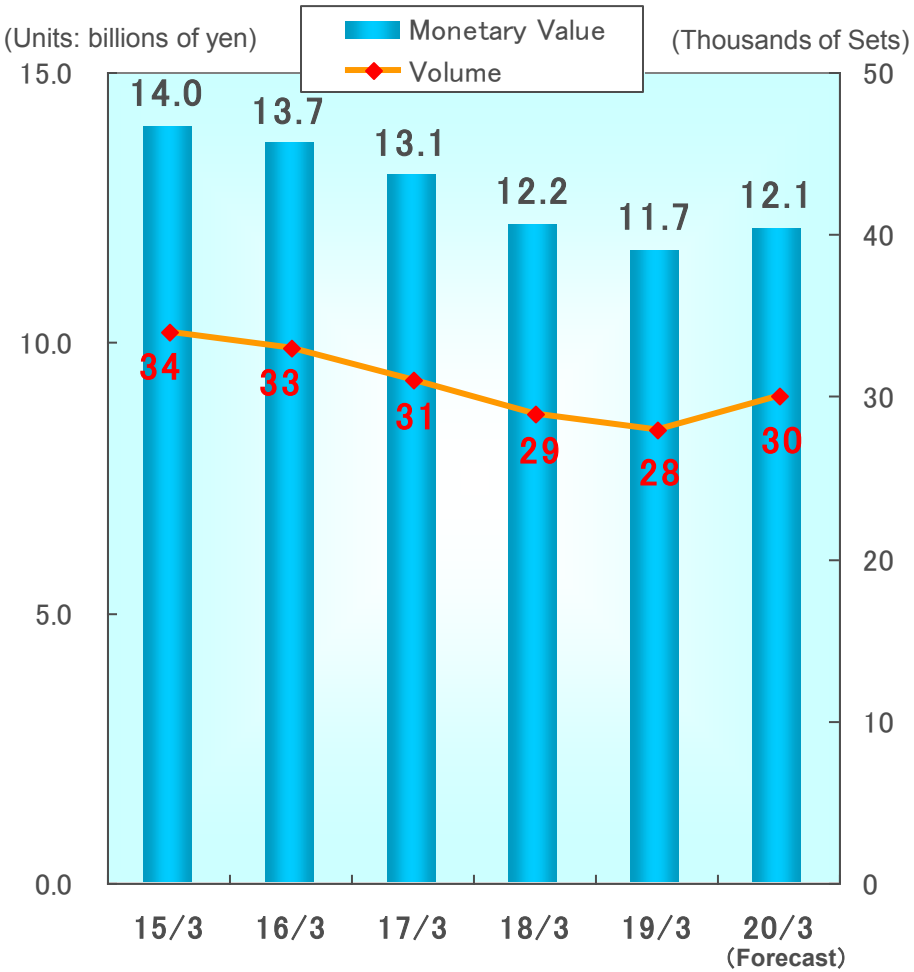
Demand Trends and Market Share



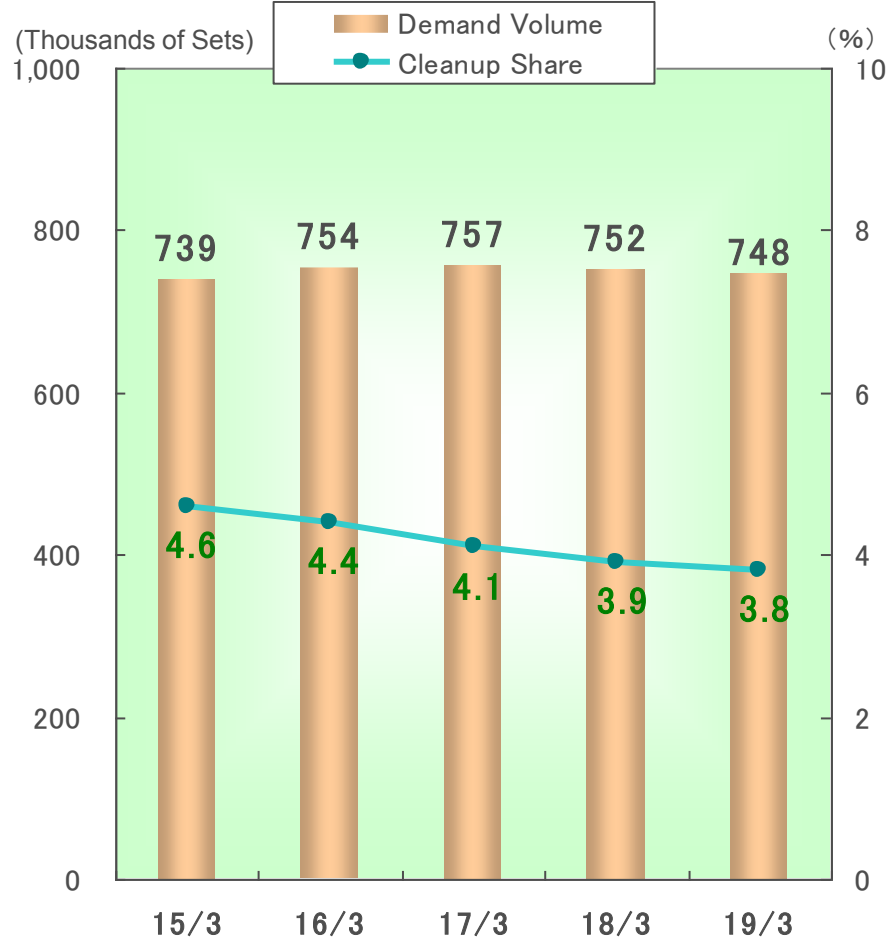
7. Sales Results For Major Products and Cleanup Market Share - 2/3



Modular System Bathroom Sales Results



Demand Trends and Market Share

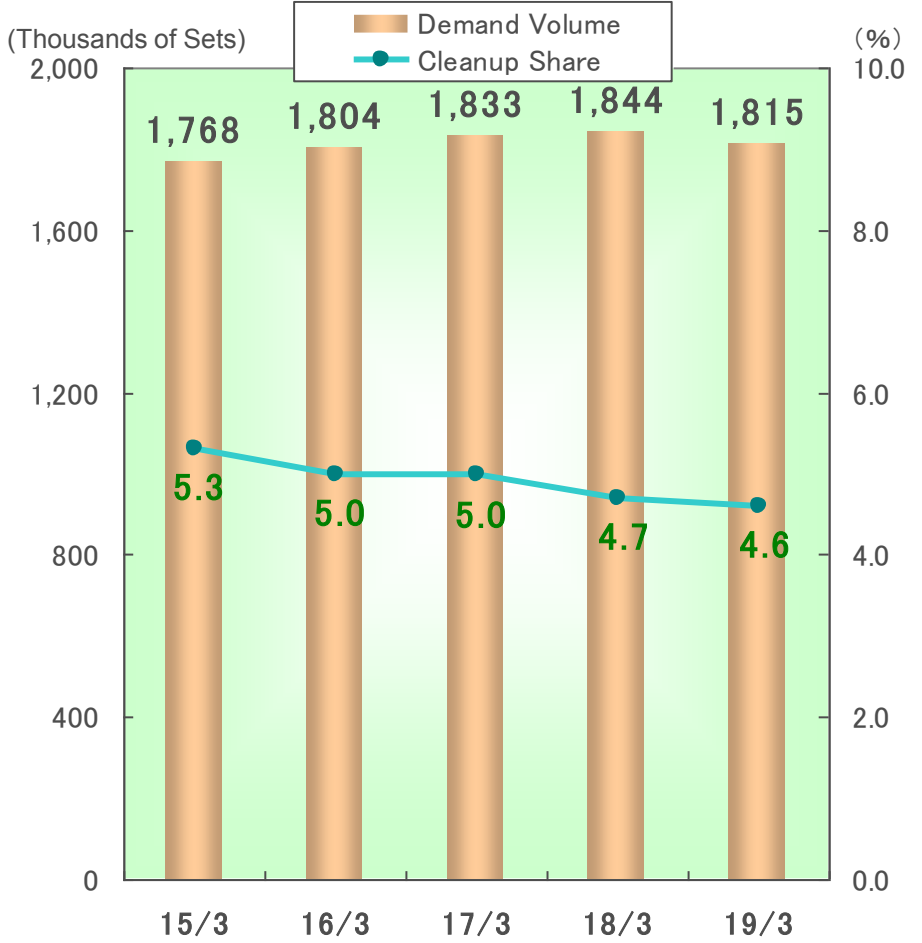
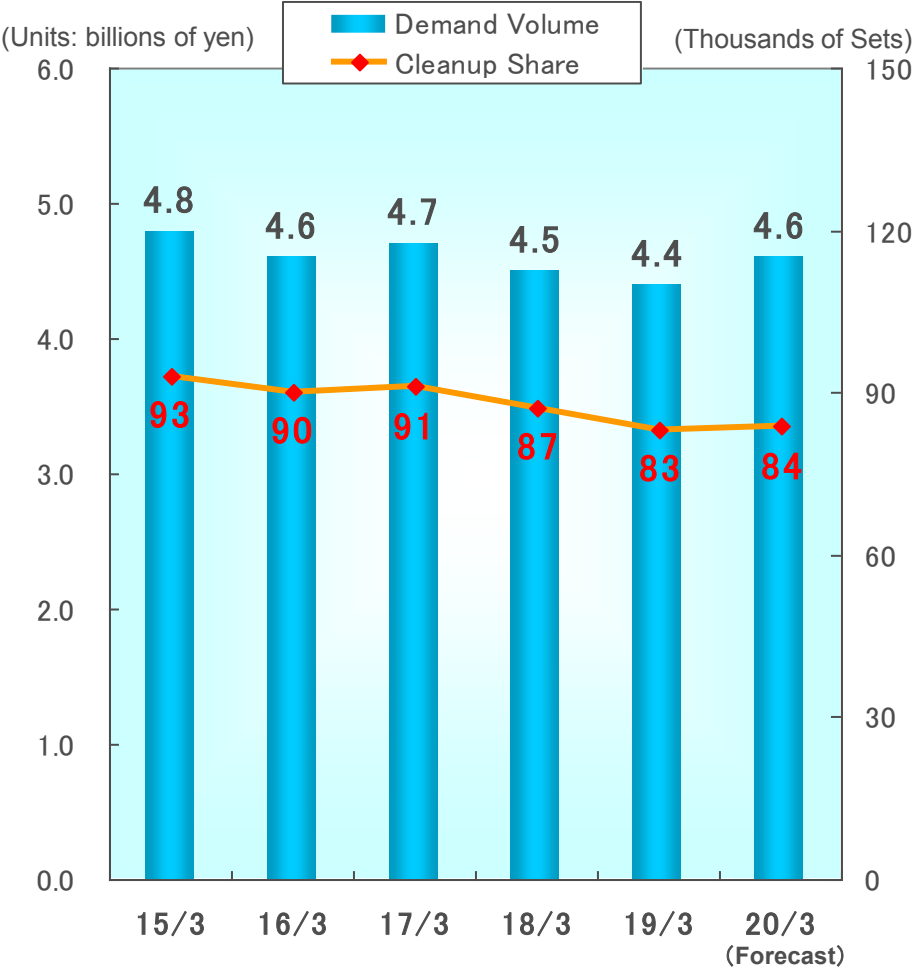


7. Sales Results For Major Products and Cleanup Market Share - 3/3

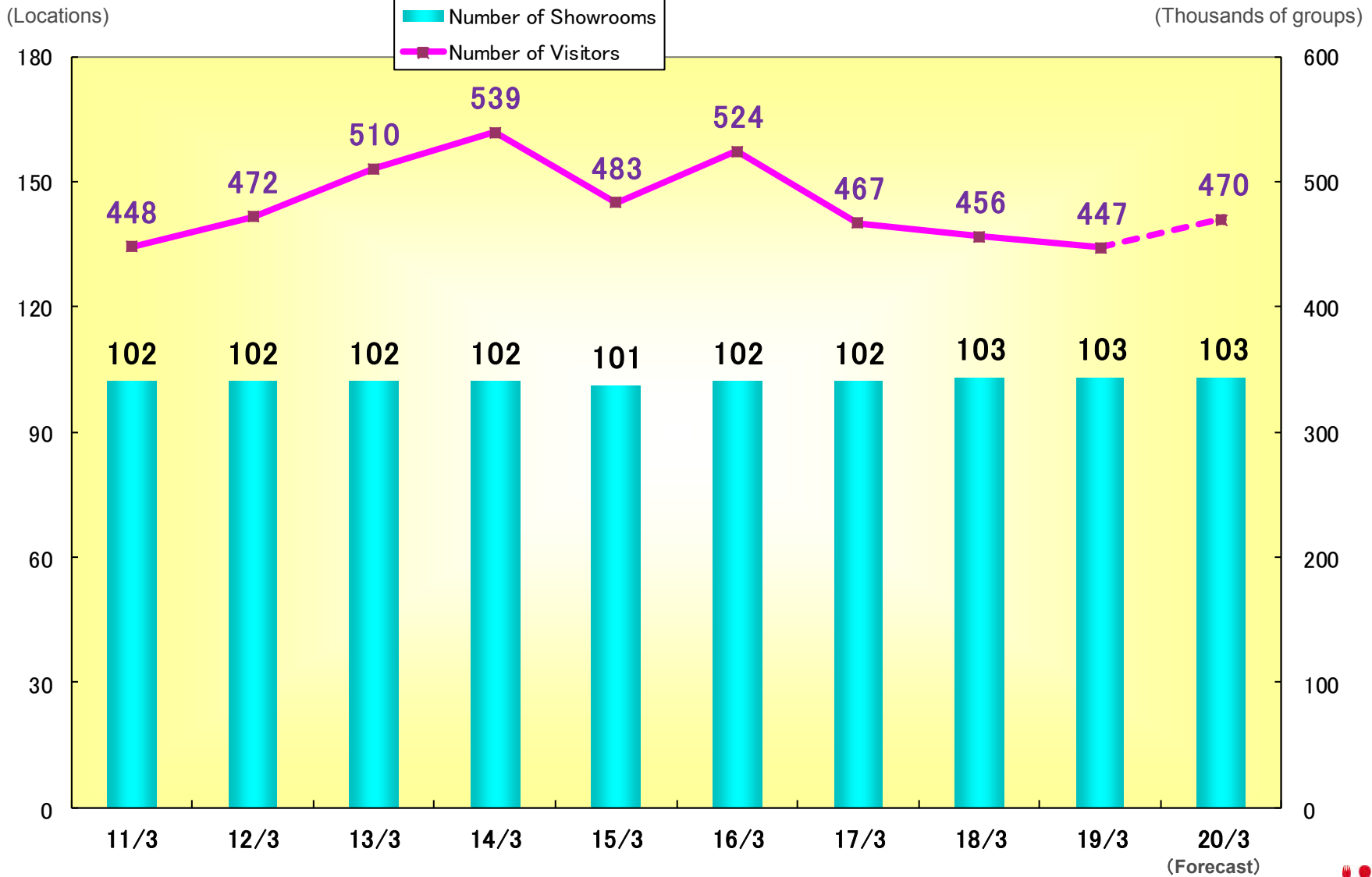


Washstands/Vanities

Demand Trends and Market Share



8. Showrooms And Visitor Numbers



9. Forecasted Consolidated Results for the Period Ending March 2020

(Units: millions of yen)

	2019/3 (Actual Results)	2020/3 (Forecast)	Change From Prev. Period
Net Sales	104,486	107,000	+2.4%
Operating Income	△465	1,100	—
Operating Income Margin	—	1.0%	—
Ordinary Income	△376	1,150	—
Ordinary Income Margin	—	1.1%	—
Profit attributable to owners of parent	△704	550	—
Net Income Margin	—	0.5%	—



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II. Future Strategy

Progress of Medium-Term Management Plan

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

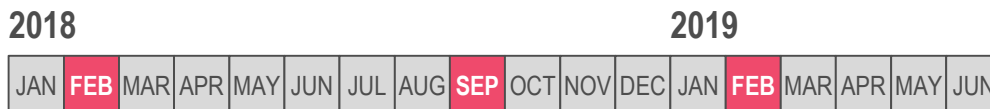
At Cleanup we aim to become a business that delivers “excitement” to customers around the world and we will continue to always be the business of choice by creating and proposing a “new lifestyle value” for kitchens, dining rooms, living rooms and hygienic spaces, as “kitchen experts”.

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



2. Product Strategy (1) Revamping Product Lines

All three grades of products revamped to restructure makeup of product lines.



Grade I
(Luxury range models)



February 2018
Brand revamped



February 2019
Designability enhanced

Implemented proactive sales promotional activities, such as the “CENTRO Ambassador” program.

Grade II
(Medium range models)




ステディア



September 2018
Brand revamped

Implemented proactive advertising and sales promotional activities, such as new commercials.

Grade III
(Popular range models)



ラクエラ



February 2019
Renewal

All three grades revamped

Competitive strengths enhanced

The new story of the core brand started at Cleanup in September 2018

STEDIA

ステディア

Further evolution of the “Cleanlady”

Introduction of a new core brand in the medium to superior quality price range



1 Complete redesigning of floor containers

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

2 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.

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

The “zone concept”, which is a storage concept we nurtured over the years, evolved further through the incorporation of a stainless steel eco-cabinet that is easily maintained and keeps clean, has been added as a standard feature.

Continuing advertising and sales promotional activities that began last fiscal year, to convey attractive features of STEDIA

Television commercials
2019
May 16
release

STEDIA

ステディア

This year again, Ms. Takako Matsu talks about the attractive features of the stainless cabinet kitchen.

“If it’s clean, then it’s a Cleanup!”

Stainless Steel Cabinet Edition

Ms. Matsu says, “Hey, did you know?”, as a scene of Thailand spreads across the screen behind, she continues, “Japan at the moment is almost as steaming hot as Thailand”. The appealing aspects of “STEDIA”, made with stainless steel that has strong resistance against mold and odor caused by moisture inside the kitchen, is described by Ms. Matsu as “clean and giving peace of mind”.

Araail Range Hood Edition

Against the backdrop of a public bath house, Ms. Matsu says “Don’t you want to remove greasy stains with hot water?” The fan filter on the range hood is shown as it is washed whole automatically, followed by the final scene of her out of the bath, saying “How refreshingly clean!” The smiling face of Ms. Matsu, beautiful even in sweaty summer, shines through.

Commercial Video
Currently featured on
the web!

▶ “STEDIA Special Site”
<http://cleanup.jp/kitchen/stediasp>



2. Product Strategy (3) Positive Market Assessments

Highly rated by two industry papers.

	Nikkei Home Builder Desired for implementation by professionals Architectural and Construction Materials Manufacturers' Ranking 2018	Renovation Industry Newspaper Facility and building materials selected by renovation sales professionals and planners Renovation Grand Prix 2019	
Grade I (Luxury range models) 	<p>System kitchen category 1st place</p>	High-end price range 2nd place	<p>Kitchen category Overall 1st place</p>
Grade II (Medium range models) 		Intermediate price range 1st place	
Grade III (Popular range models) 		Popular price range 1st place	

The renovations and relocations of showrooms continue for sustained and enhanced sales capacities.

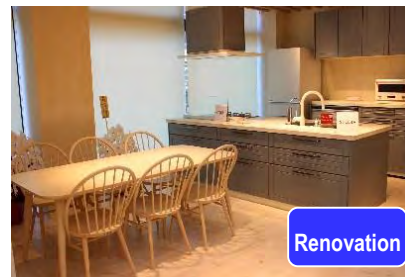
Renovations were conducted at six sites during FY2018.

* The grand opening of Narita Showroom will be during FY2019.

Sakai Showroom

(Opened May 8, 2018)

- The showroom floor area has been increased by about 50%.



Nerima Showroom

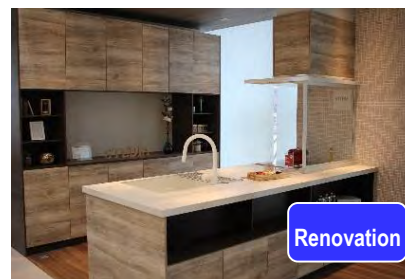
(Opened September 6, 2018)

- Renovations for small residences, such as condominiums, have been supported.

Kanazawa Showroom

(Opened September 23, 2018)

- A “Kitchen Studio”, where visitors can experience using the kitchen, has been newly established.



Toyota Showroom

(Opened September 6, 2018)

- Various exhibits have been enhanced intended for discovering renovation demands.

Kochi Showroom

(Opened March 1, 2019)

- A store has been established at an area where improved customer appeal is expected.



Narita Showroom

(Opened April 05, 2019)

- A nursing room and multi-purpose toilets have been newly established, aside from the kitchen studio, space proposal corner, etc.

The flagship showroom, the fourth to be established in metropolitan areas, opened in Yokohama.

KITCHEN TOWN YOKOHAMA

Cleanup Kitchen Town Yokohama

(Planned opening in FY2019)



The flagship showroom “Cleanup Kitchen Town Yokohama”, the second of its kind after Tokyo in the Capital Region, will be opened in FY2019 (planned). The latest system kitchen and bathroom, as well as washstands and other wet area products, are available for leisurely viewing.

* Photographs depict images.

KITCHEN TOWN
OSAKA

Cleanup Kitchen Town Osaka
(Opened July 2012)

KITCHEN TOWN
TOKYO

Cleanup Kitchen Town Tokyo
(Opened October 2015)

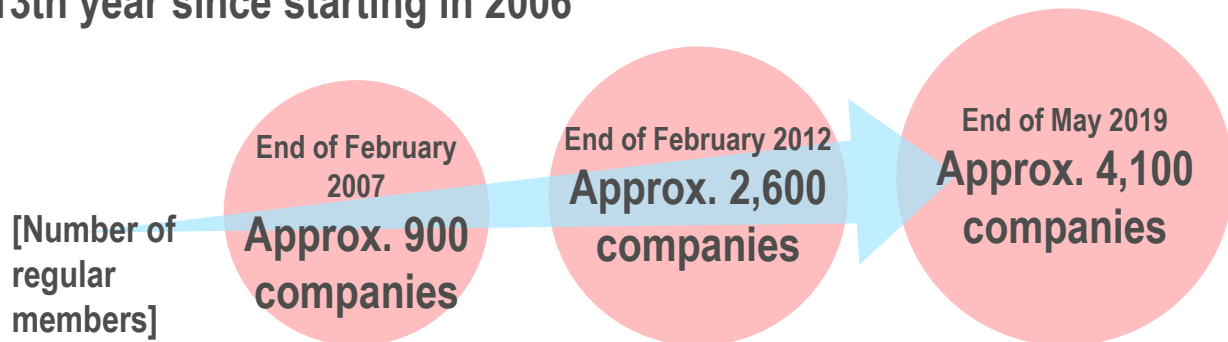
KITCHEN TOWN
NAGOYA

Cleanup Kitchen Town Nagoya
(Opened October 2016)

A Photo Contest is conducted with the intention of vitalizing the renovation business.



13th year since starting in 2006



Water Area Workshops Installation Example Photo Contest

Limited time only

Participation from October 2018 to the end of January 2019

Purpose

- Further enhance customer contacts on the web.
- Enhance public relations toward members of the Water Section Workshops.



CENTRO
Renovation case examples



STEDIA
Renovation case examples



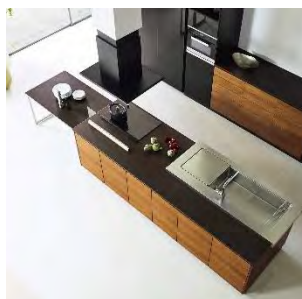
3. Sales Strategy (3) Sales Promotions

The “70th Anniversary Customer Appreciation Campaign” is held to commemorate 70 years since the establishment of business.



70th 感謝キャンペーン

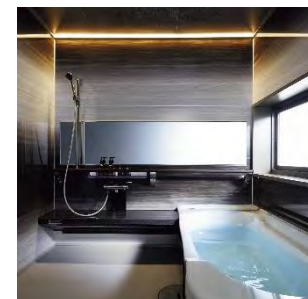
該当商品をお見積された
お客様へプレゼント!



CENTRO



STEDIA



Aquilia-Bath

Estimate

Contract

The “70th Anniversary Customer Appreciation Campaign” is held to commemorate the 70th anniversary of the business’s founding in October this year, with a spirit of appreciation for our customers.

Limited time only

Starting from mid May 2019 until the end November 2019

Purpose

Induce end users to visit our showrooms and promote requests for estimates.

Prize A



Tokyo Bay Maihama Hotel
Couples accommodation invitation

Prize B



Gourmet Gift Catalog

Prize C



“Ms. Takako Matsu”
original QUO cards

4. Growth Strategy (1) Expansion of Overseas Business Operations

- ◆ Expand the sales of system kitchens, primarily in the nations of Asia.
- ◆ Examine the overseas supply framework.

● China

- Kitchen products and the like are to be supplied to major house manufacturers (Suzhou, Taicang, etc.).
- Increase sales to Japanese developers, while enhancing collaboration with distributors.

● Taiwan

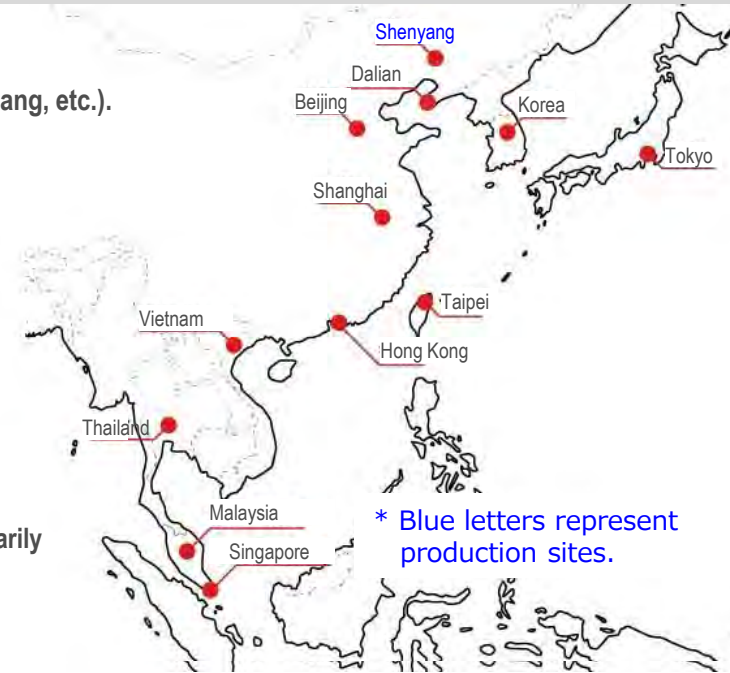
- Implement sales activities to capture properties and to expand the sales areas.
- Support distributors and enhance sales to major developers.

● Singapore, Malaysia , Thailand and Vietnam

- Implement activities in the core markets of ASEAN nations, while enhancing sales to major developers in collaboration with designers and local distributors.

● Other Asian Countries

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



Exhibition in China (Shanghai)



Town house in China (Shenyang)



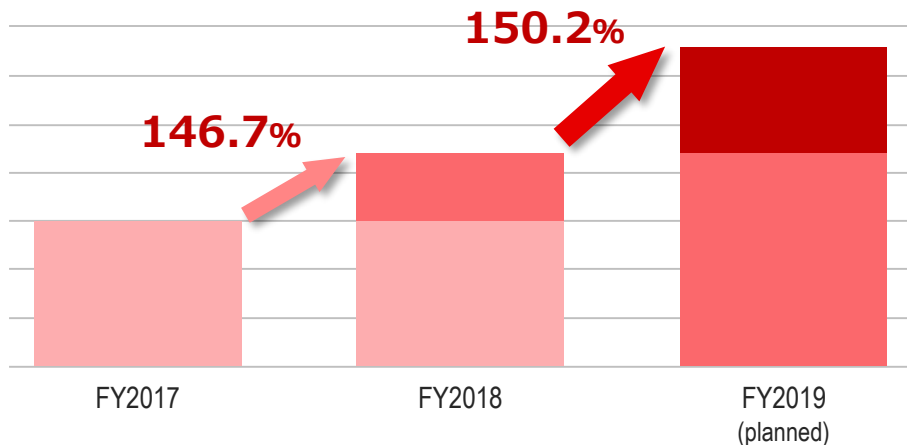
Promote the EC business as a new sales channel

The EC (Online Shopping) site significantly grew following the renewal. Implement refreshing services online, while seeking further expansion of the market!

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



Sales transitioned steadily each year



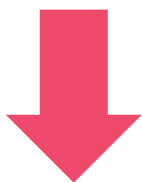
Refreshing service for wet areas

- Cleaning Service
- Parts and Materials Exchange Service
- Bathroom Refurbishing Service
- Appliance Exchange Service
- Aftermarket Installation Service

Member registrations and requests for estimates are accepted via the internet. Expert service personnel are dispatched to sites, while detailed consultations are offered to customers.

Implement building material business by utilizing technical capabilities

Our affiliates specializing in stainless steel processing technologies
Cleanup Stainless Processing Center Co., Ltd.



[Principal Business]

The surface processing and cutting of stainless materials
The production and machining of colored stainless building materials, etc.

First exhibit at the “25th Architecture + Construction Materials”

- Organizer: Nikkei Inc.
- Venue: East Halls 3, 5 and 6, Tokyo Big Sight
- Dates: March 5 to 8, 2019

The attractive features of beautiful and robust colored stainless products are introduced, along with examples of their usage and track records that are used, **not just in our kitchen products, but also the interior and building materials for public facilities and stores, etc.**



Back nets at ball parks, fences for zoos, as well as mail boxes, stainless roof tiles, bolts and the like, are exhibited.

Features of colored stainless products

1 Superior durability compared to paint coatings
⇒ Suitable for building and interior materials for which concerns exist about deterioration over time.

2 Abundant variety through a “combination of polishing technologies and color combinations”.

Social and Environmental Report

Disclosure of social programs and activities

Social programs and activities at Cleanup are disclosed in the “2018 Social and Environmental Report”. A detailed introduction of our social and cultural traits, as well as environmental considerations in our business operational activities, are provided, to increase trust by society.



“2018 Social and Environmental Report”

Covered period:
April 1, 2017 to March 31, 2018

Cleanup Foundation

- A means to pay back to 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 and restoration activities within Fukushima Prefecture. Scholarships were provided to 40 people in FY2018.



Cleanup Wrestling Club

Promotion of sports by encouraging participation in wrestling

Club founded in 1992

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



Hiroe Minagawa, wrestler



Masuto Kawana, wrestler



Kirin Kinoshita, wrestler



Kanta Shiokawa, wrestler

Principle results (since October 2018)

<World Championship> October 2018

Hiroe Minagawa, wrestler
Women's 76-kg class, bronze medal winner two years in a row

<National Athletic Meet at Fukui> October 2018

Masuto Kawana, wrestler
Greco-Roman 67-kg class, winner
Kanta Shiokawa, wrestler
Greco-Roman 97-kg class, winner

<Emperor's Cup> December 2018

Hiroe Minagawa, wrestler
Women's 76-kg class, winner
Masuto Kawana, wrestler
Greco-Roman 67-kg class, third place winner
Kanta Shiokawa, wrestler
Greco-Roman 87-kg class, third place winner

<Asian Championship> April 2019

Hiroe Minagawa, wrestler
Women's 76-kg class, runner-up

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 and 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

Corporate Planning Department, Public Relations Section

Tel 03-3894-4771

URL <http://cleanup.jp/>

Disclaimer

This material is intended to provide information regarding the FY2018 financial results (April 2018 – March 2019) and does not constitute a solicitation to invest in Cleanup Corporation-issued securities.

Furthermore, this material was created based upon data current as of May 20, 2019. 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.