

アイリスオーヤマ

キッチンから、笑顔をつくろう

Presentation Material:
Announcement of FY 2019 Year-End Results

May 28, 2020



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 2020



(Units: millions of yen)

	2020/3 (Actual Results)	2019/3 (Actual Results)	Change From Prev. Period	2020/3 (Revised Forecast)
Net Sales	107,525	104,486	+2.9 %	108,000
Operating Income	2,499	△ 465	—	2,450
Ordinary Income	2,545	△ 376	—	2,500
Profit attributable to owners of parent	1,465	△ 704	—	1,500
Net Income Per Share	39.91 yen	△19.26 yen	—	40.85 yen

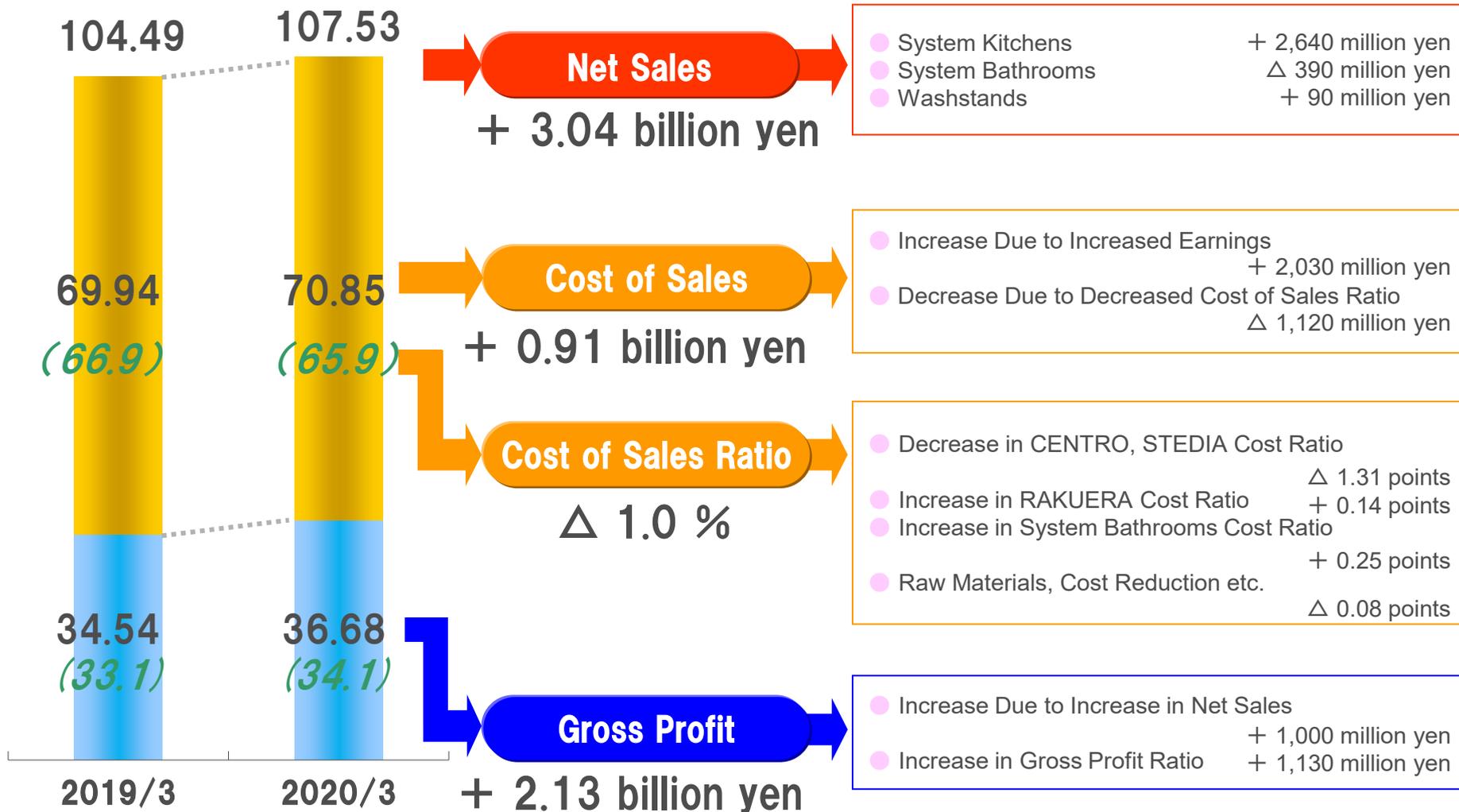
* Revised Forecast : Announced October 31, 2019

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

(Units: billions of yen)

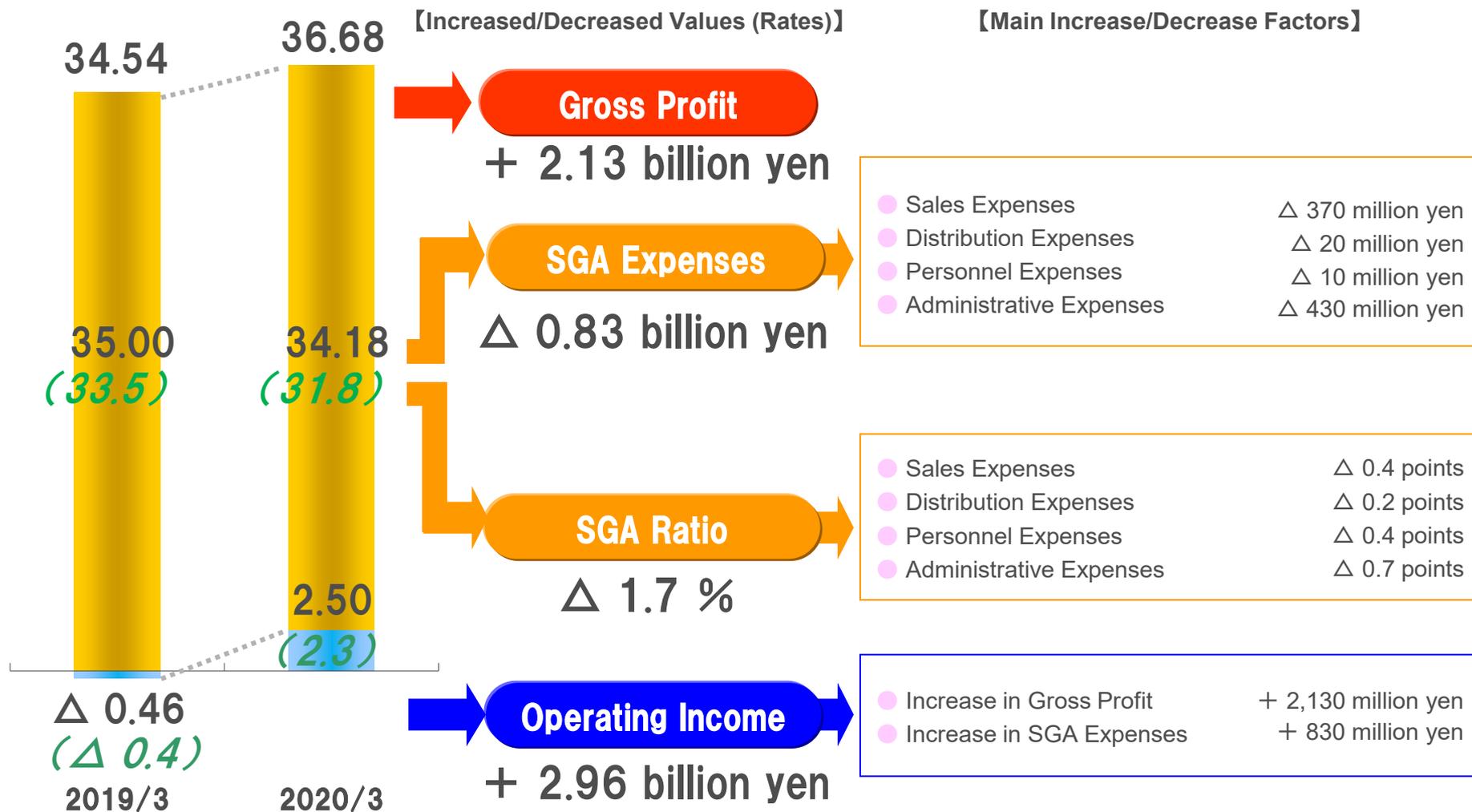
【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



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

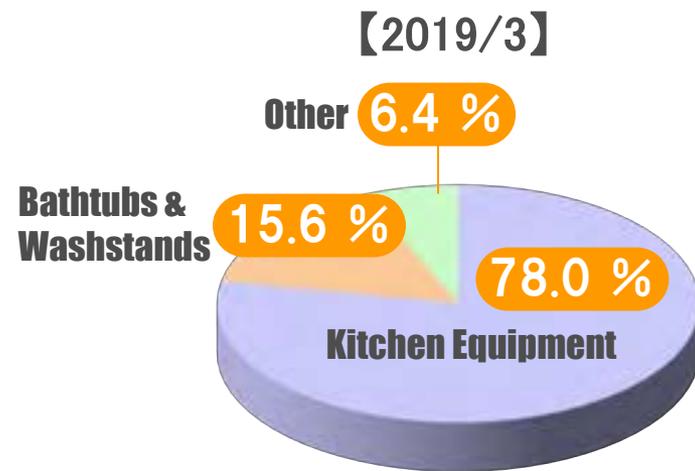
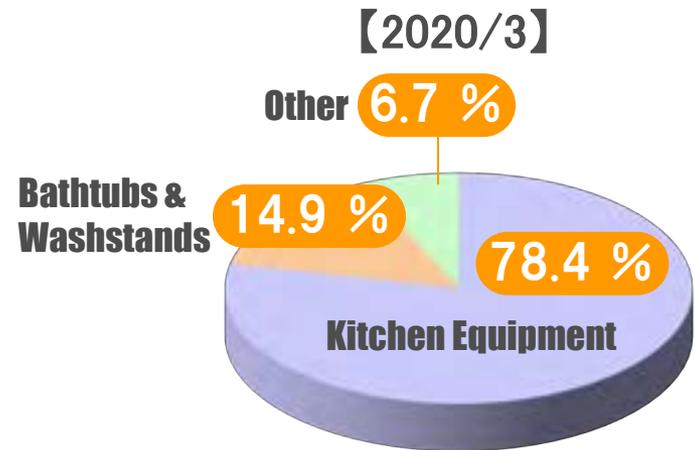
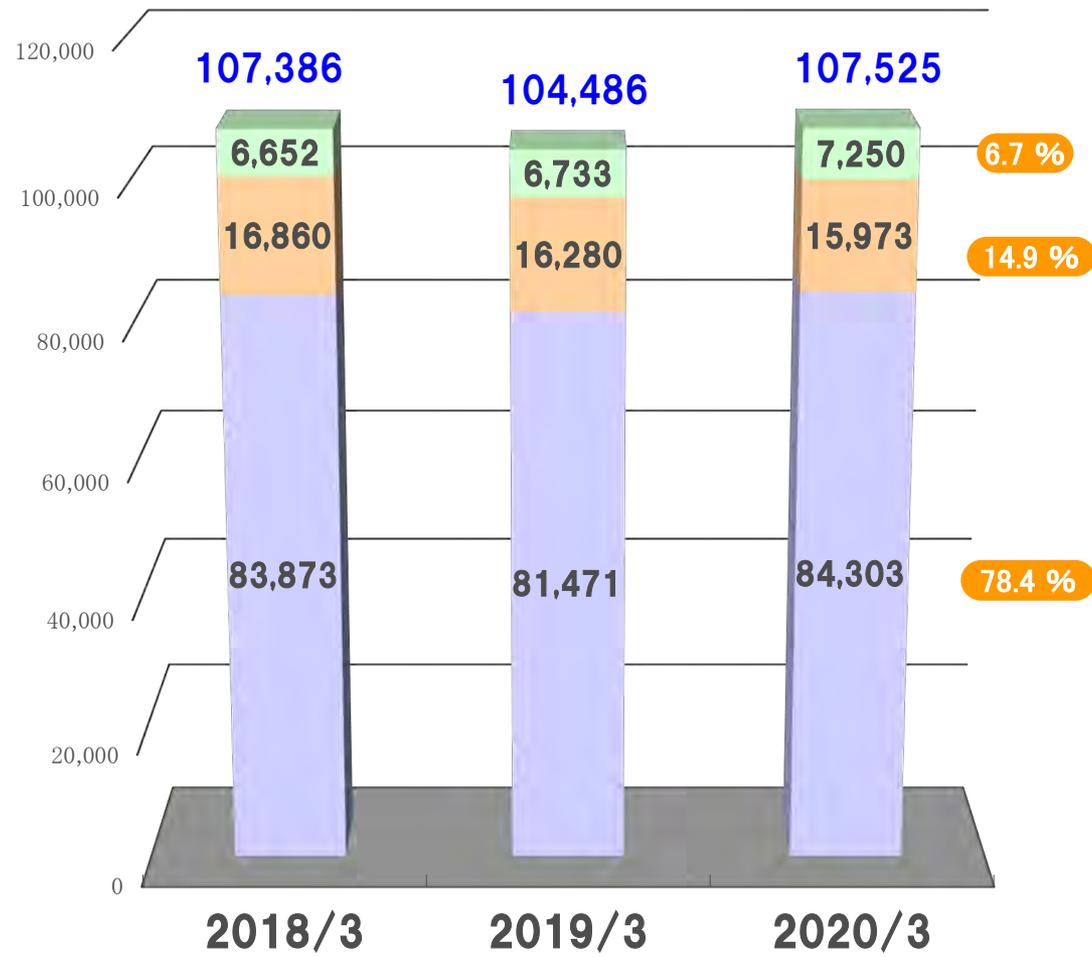
(Units: billions of yen)



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

■ Kitchen Equipment
 ■ Bathtubs & Washstands
 ■ Other

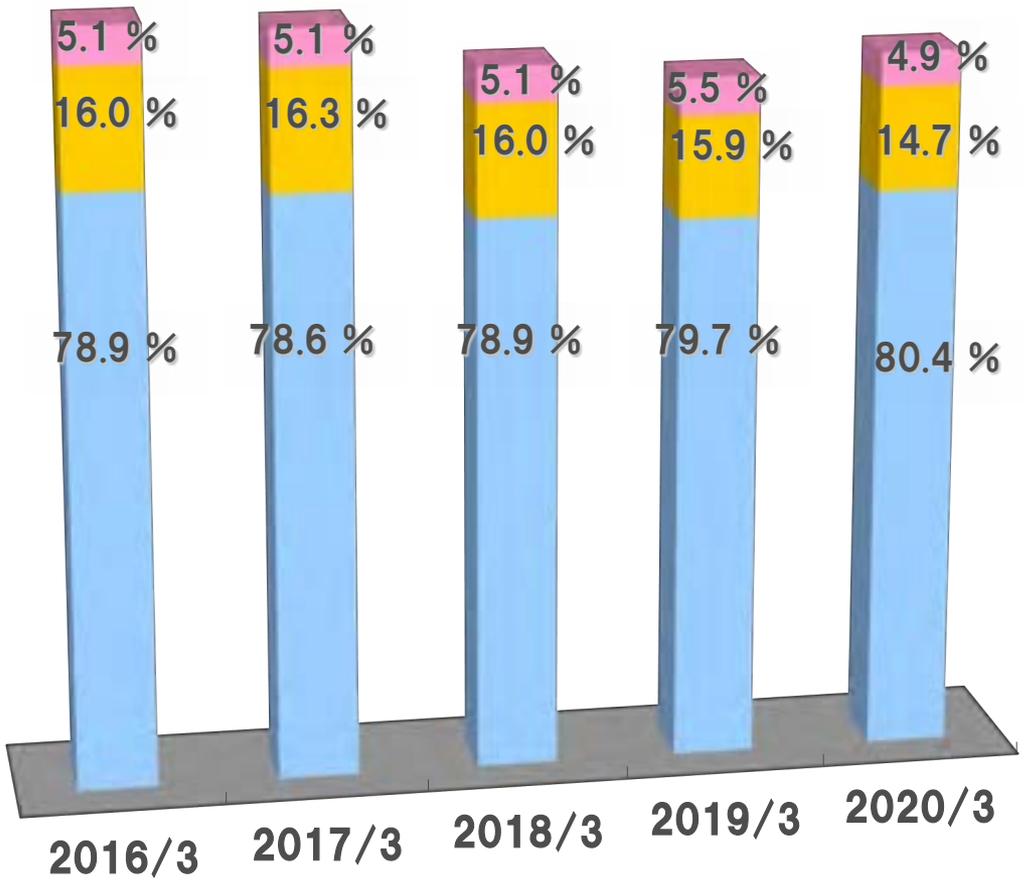
(Units: millions of yen)



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



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



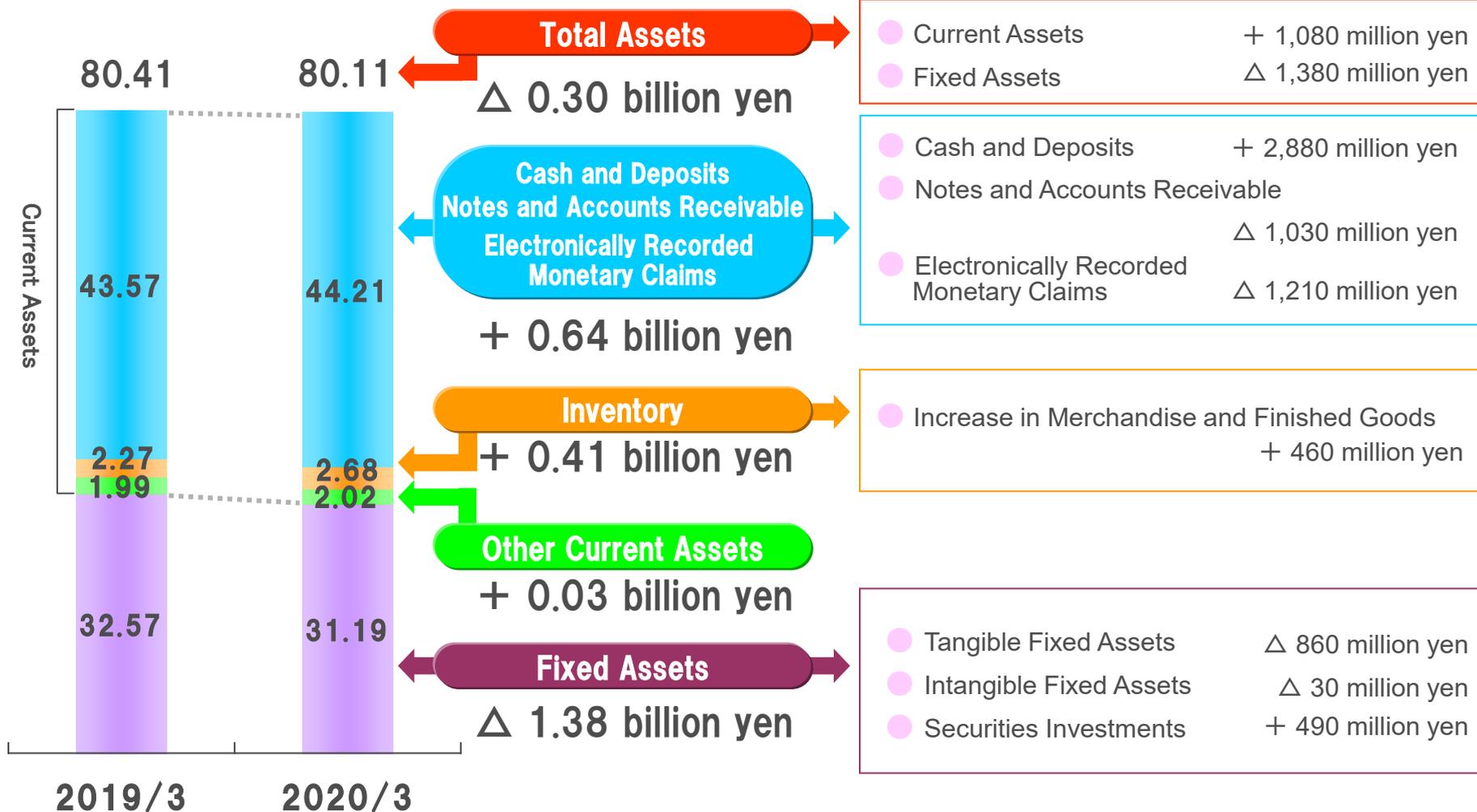
4. Consolidated Balance Sheet Summary – 1/2

【Assets】

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】

(Units: billions of yen)



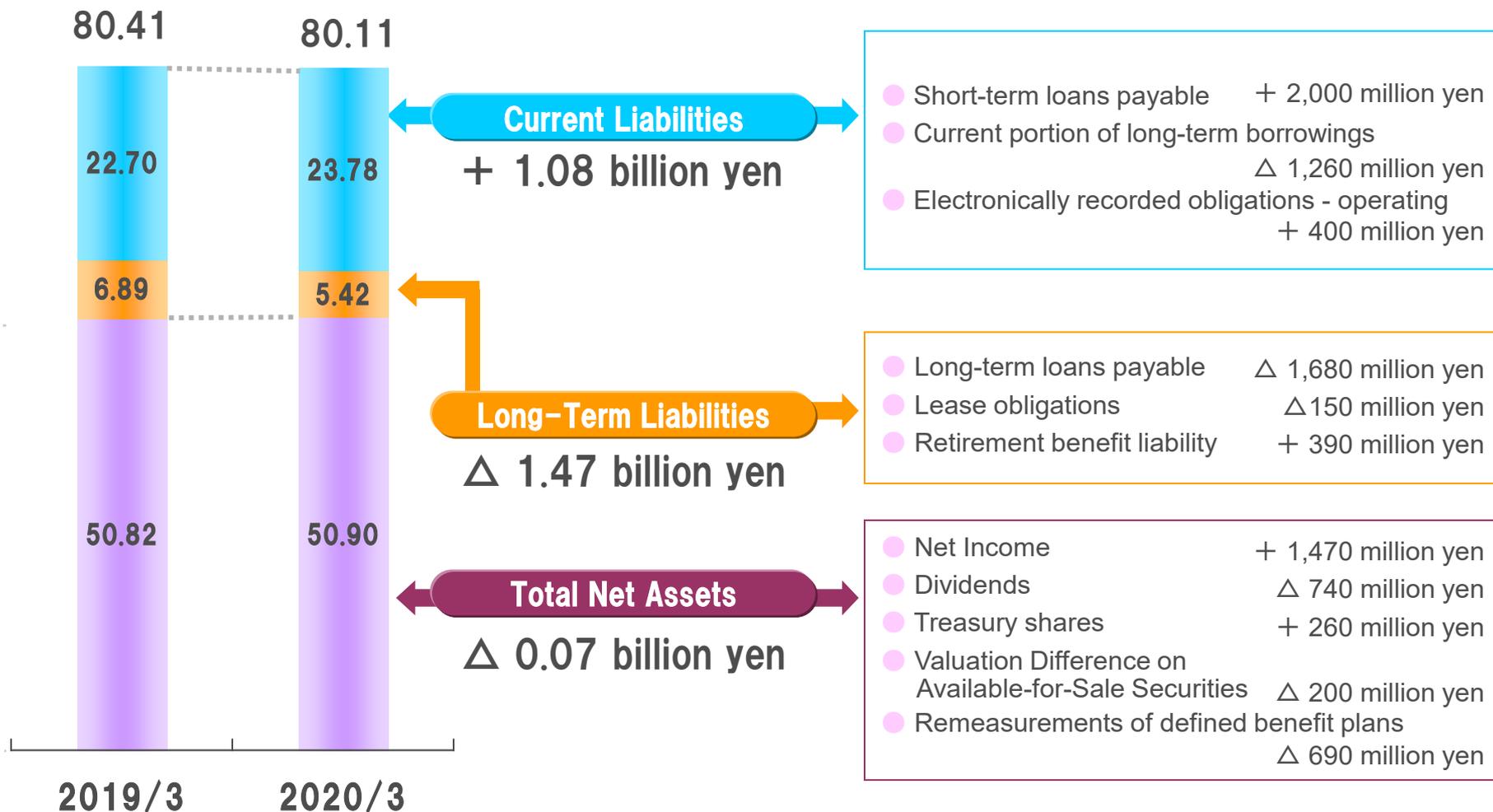
4. Consolidated Balance Sheet Summary – 2/2

【Liabilities/Net assets】

(Units: billions of yen)

【Increased/Decreased Values】

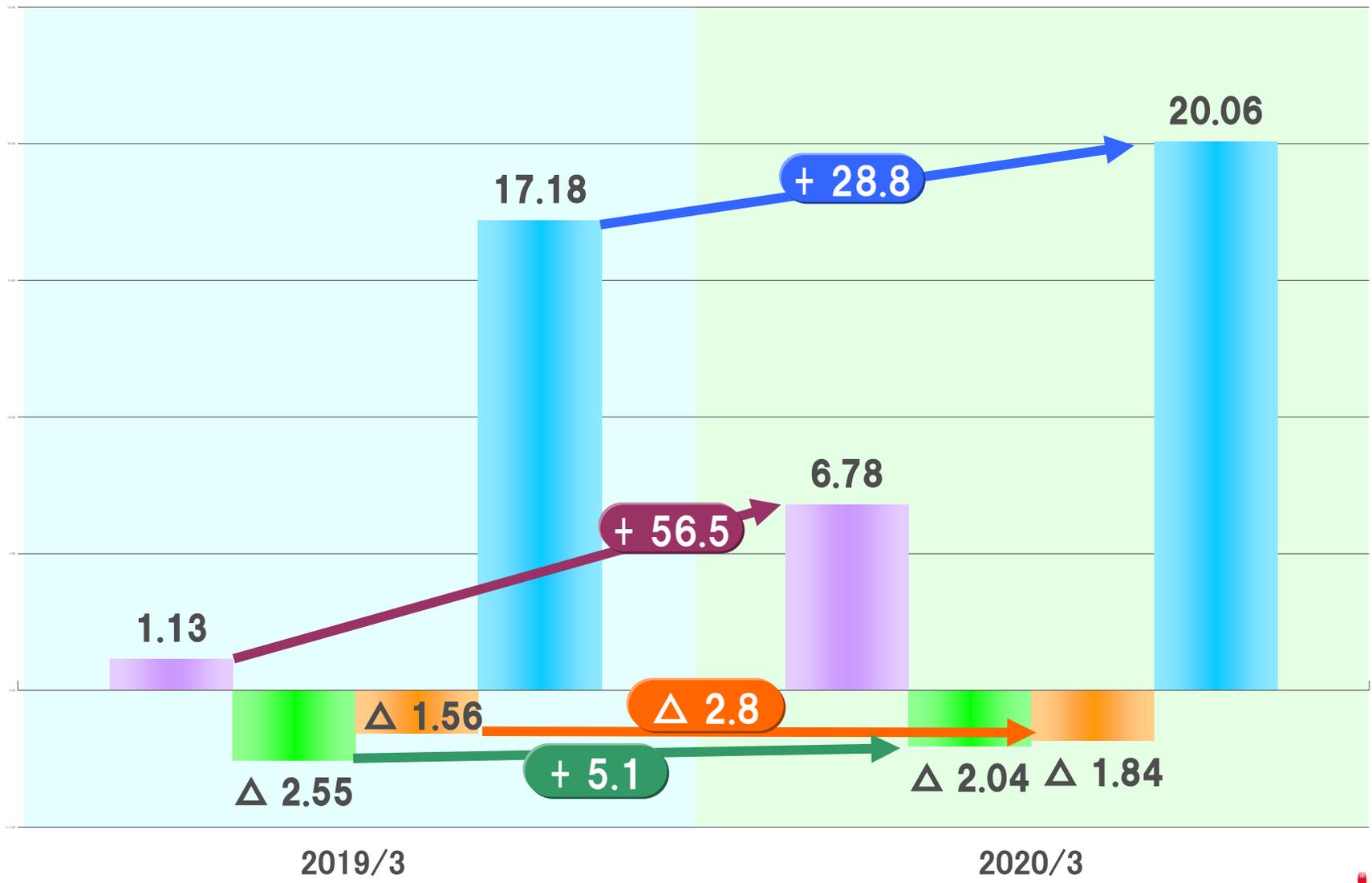
【Primary Reasons for Increase/Decrease】



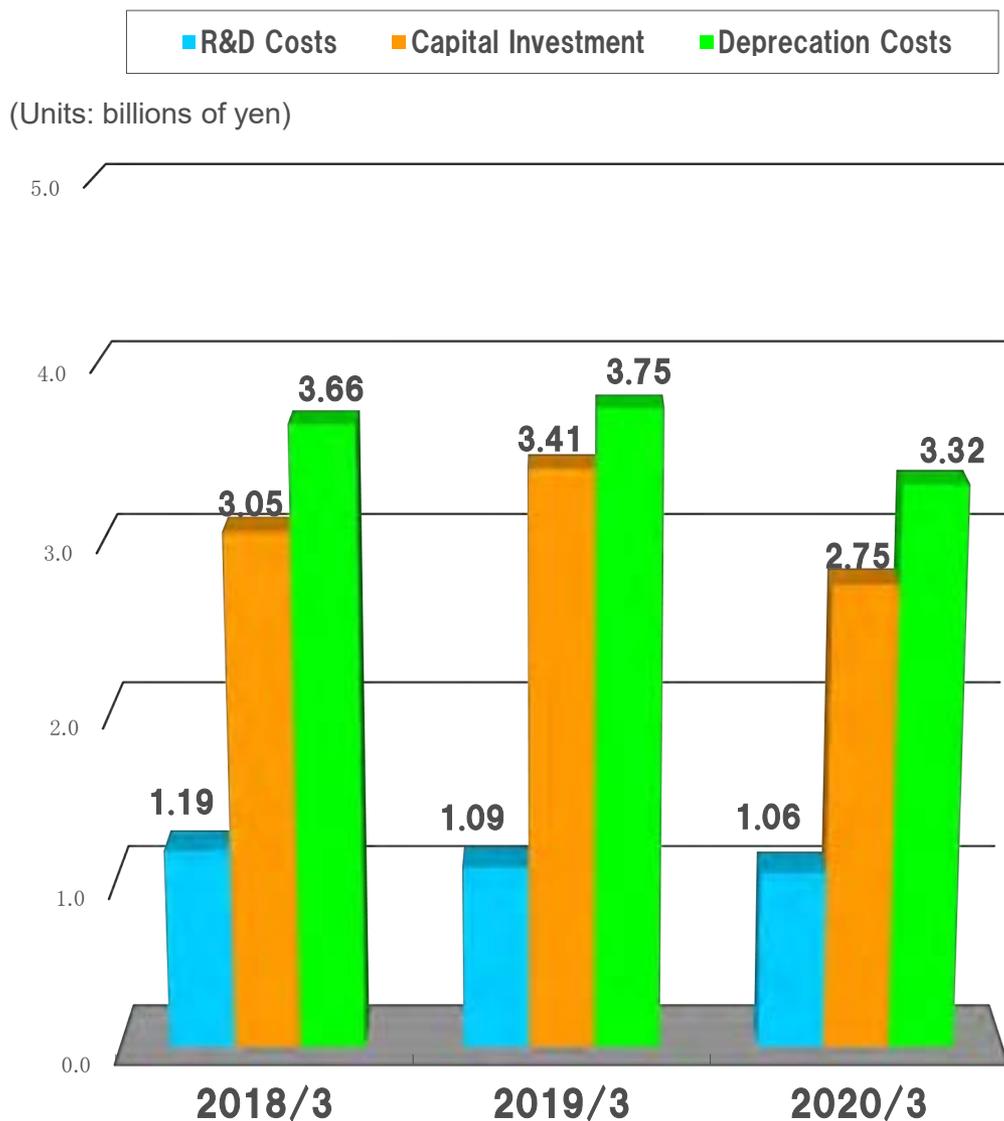
5. Consolidated Cash Flow Statement Summary

(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)



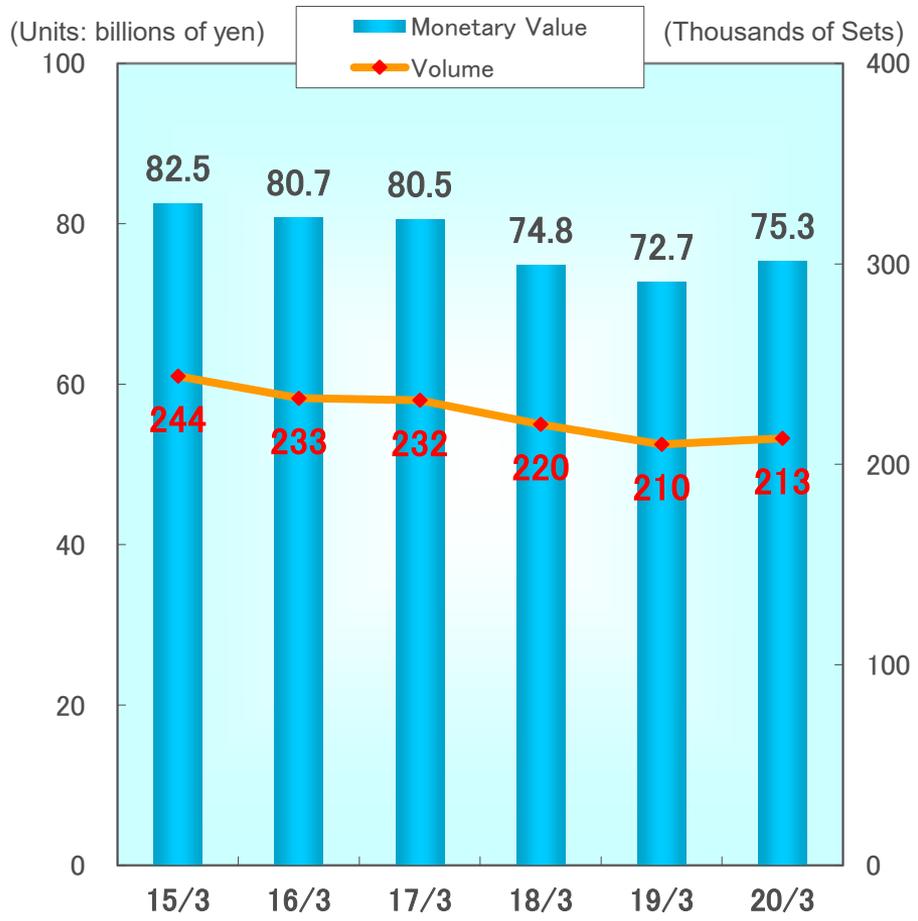
【Major Capital Investment Details】

FY 2019 Results

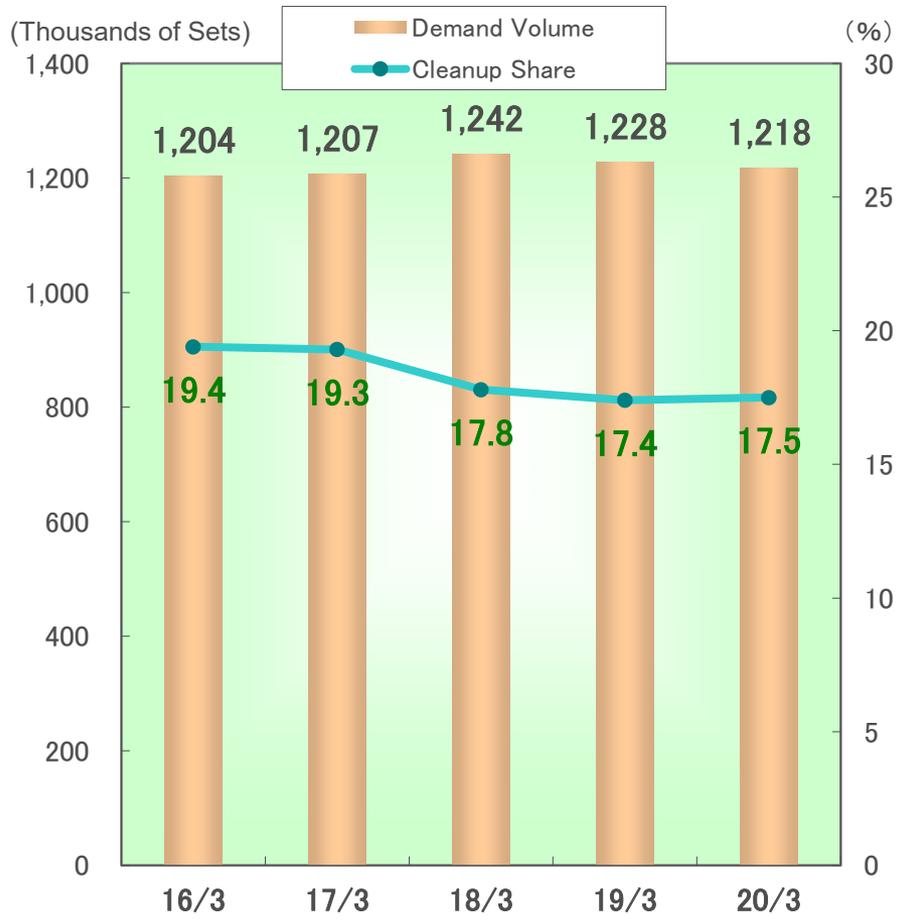
- ① Production-Related 730 million yen
- ② Showroom Renovation 960 million yen
- ③ Information Investment 880 million yen
- ③ Others 170 million yen

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

Complete System Kitchen Sales Results



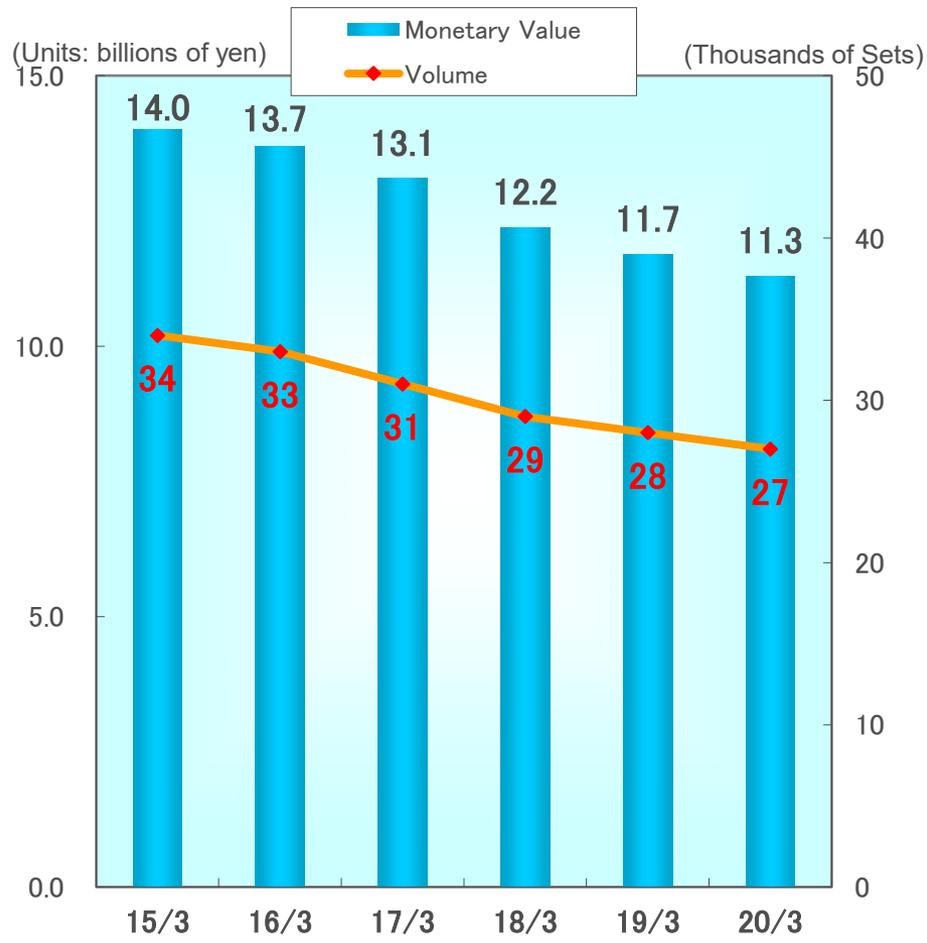
Demand Trends and Market Share



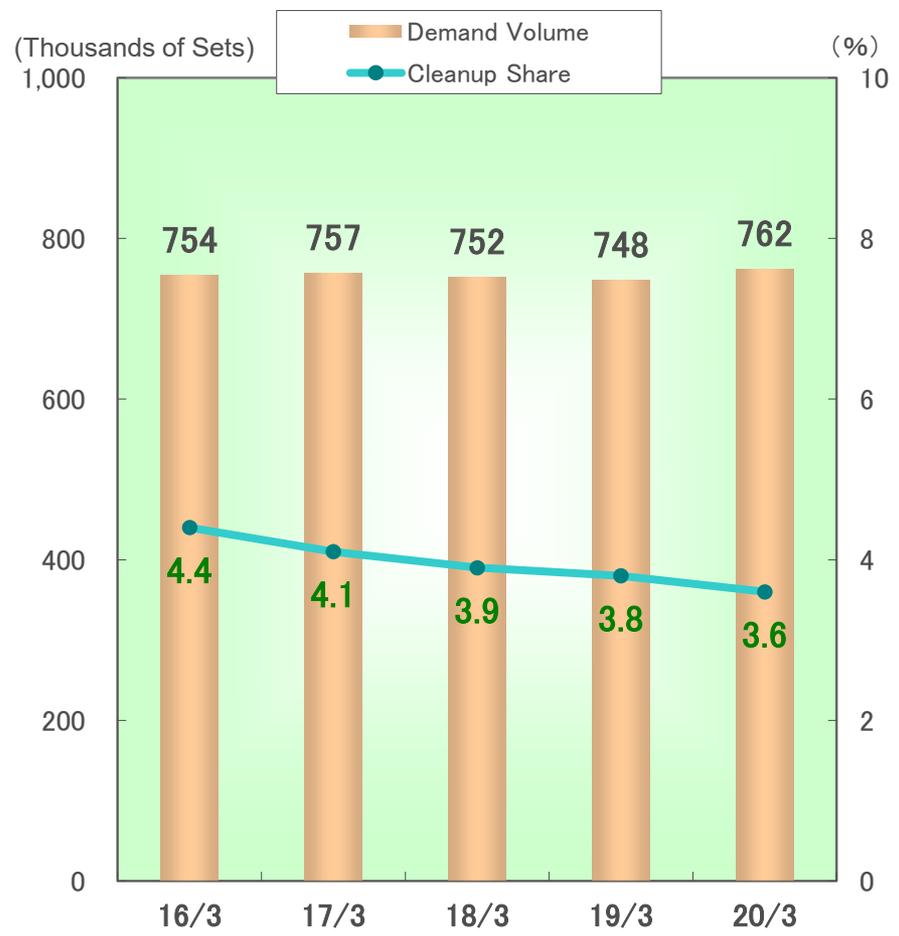
7. Sales Results For Major Products and Cleanup Market Share - 2/3



Modular System Bathroom Sales Results

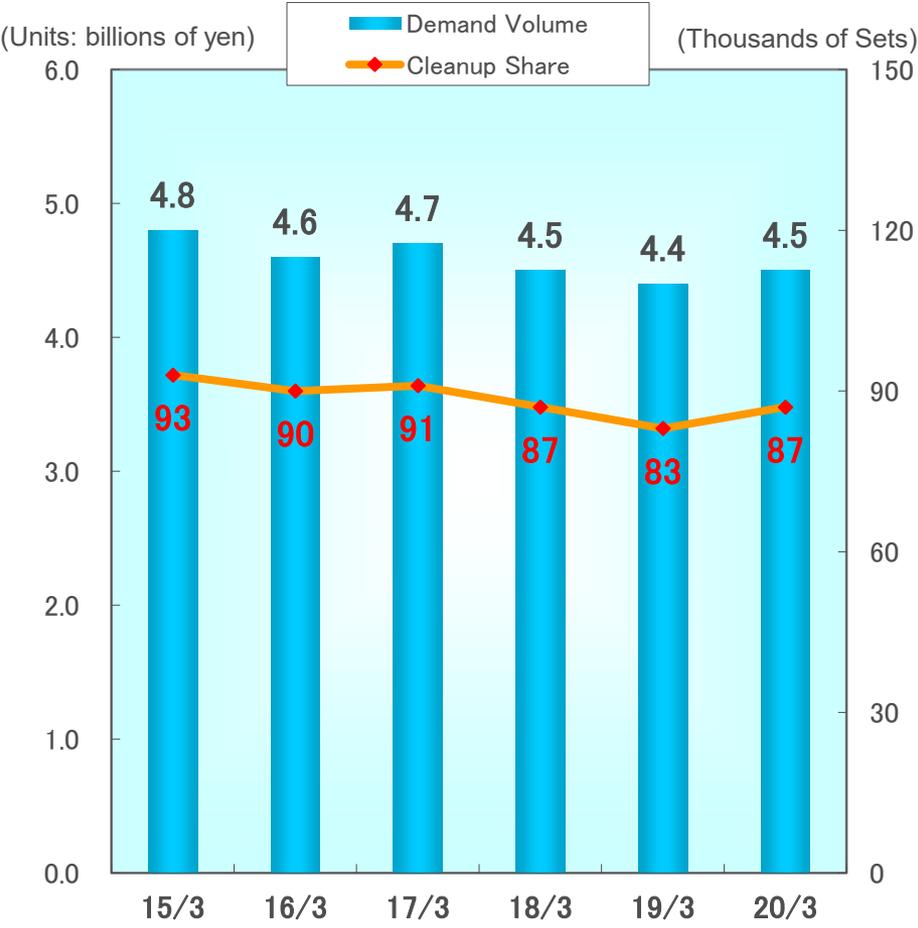


Demand Trends and Market Share

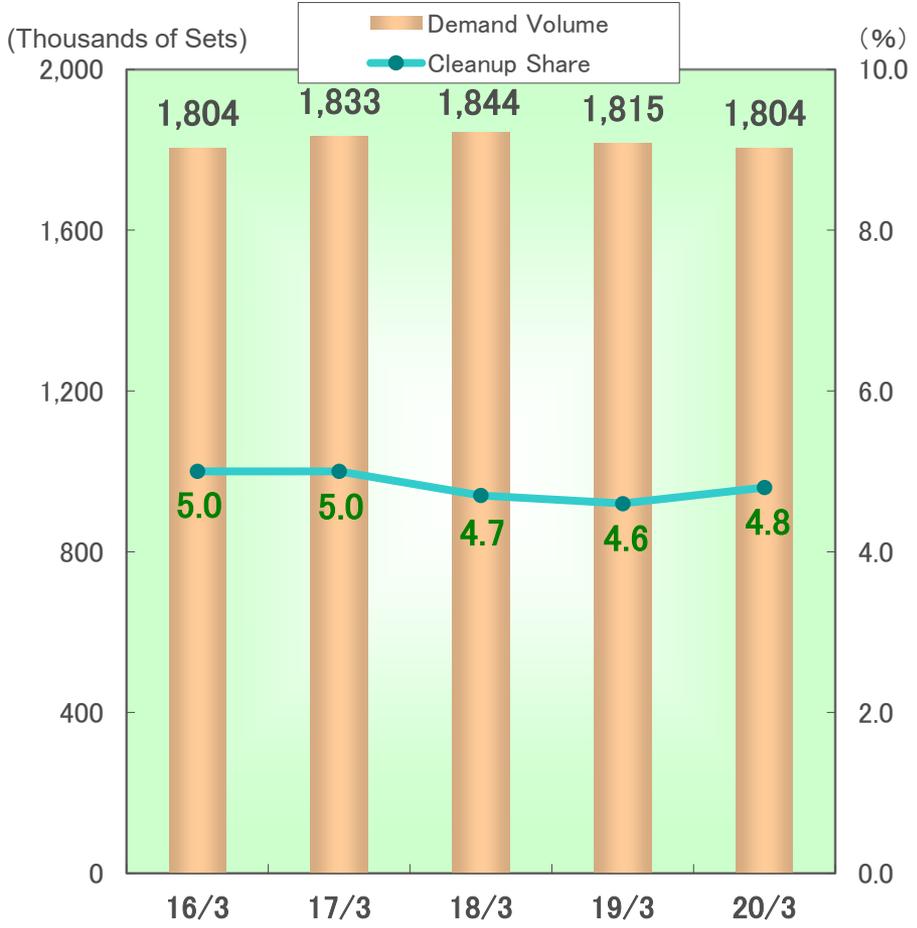


7. Sales Results For Major Products and Cleanup Market Share - 3/3

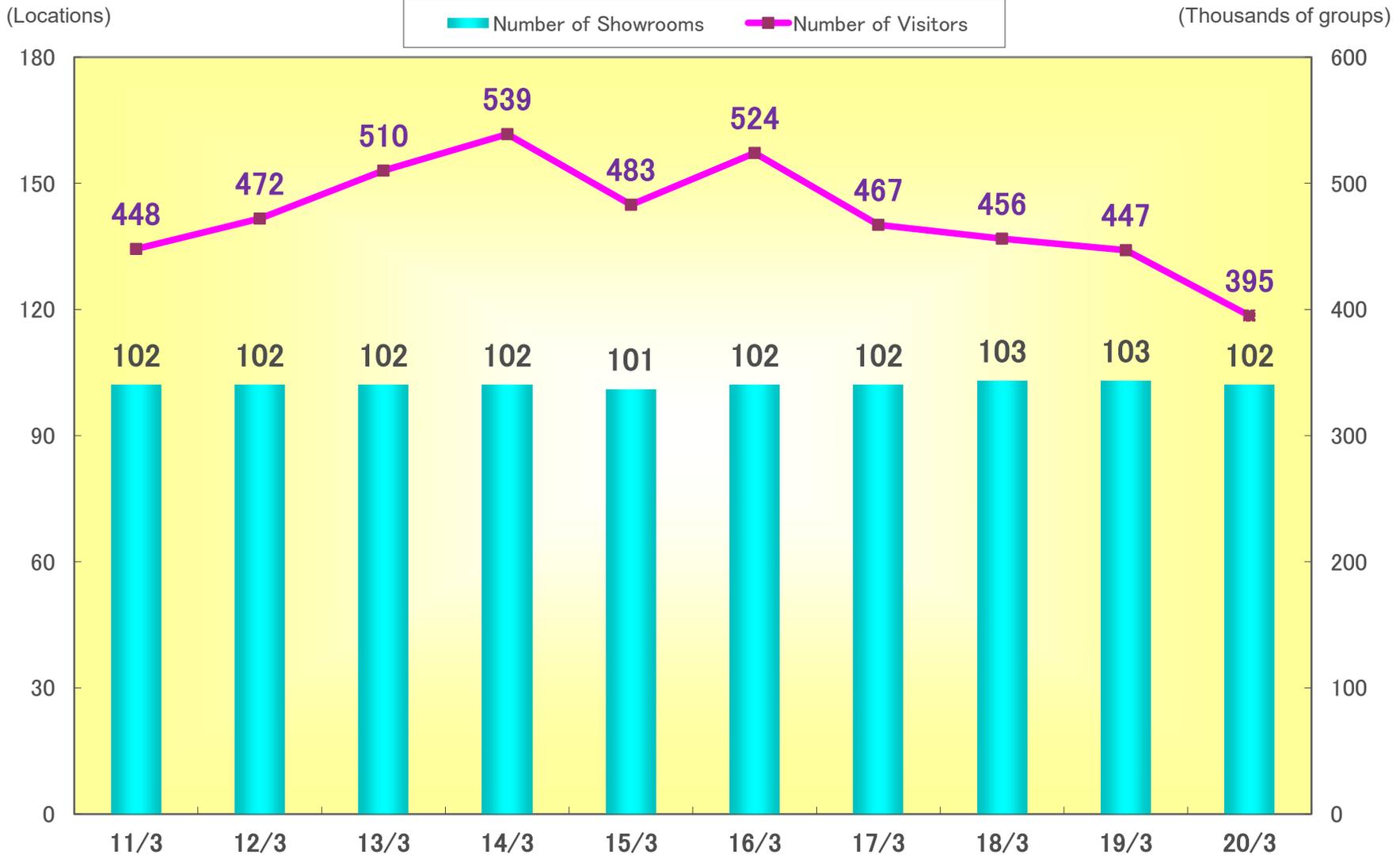
Washstands/Vanities



Demand Trends and Market Share



8. Showrooms And Visitor Numbers



- The forecasted consolidated results for the Period Ending in March 2021 has been announced as undetermined, due to the difficulty in performing a practical calculation for the impact of effects resulting from the spread of the novel coronavirus pandemic on the business performance.
- We will continue to ascertain the trends of the situation and a disclosure will be made promptly, as soon as the condition reaches such a stage when a calculation, forecasting the business performance, becomes possible.



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II. Future Strategy

Progress of Medium-Term Management Plan

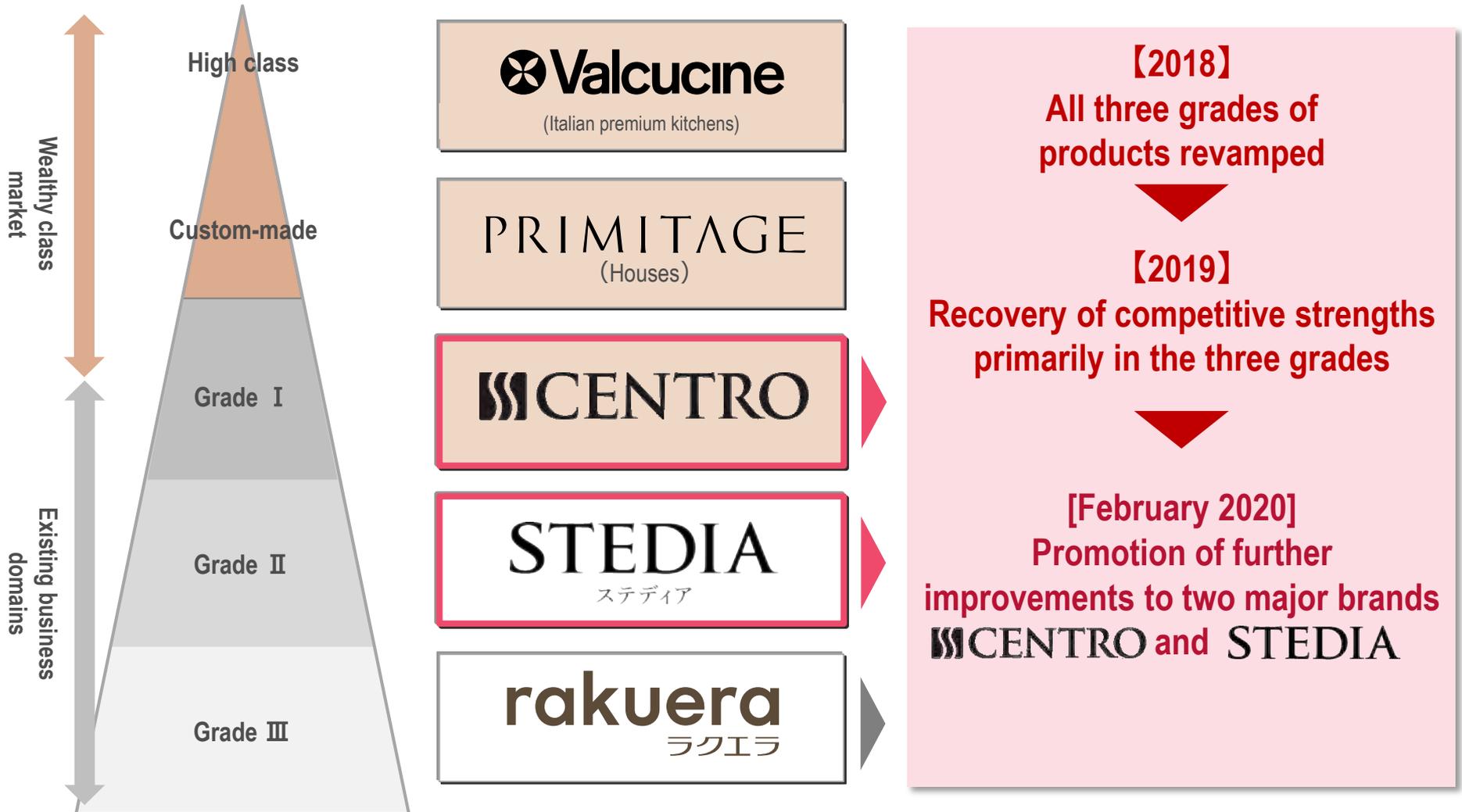
1. Outline of 2018 Medium-term Management Plan (2018 to 2020) Commitments and Framework



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



Implementation of sales promotions centered around three core grades



Improvements to key brands “CENTRO” and “STEDIA” for their cleanability and design features

CENTRO

STEDIA

ステディア

Popular ceramic worktops for system kitchens of high-end price range.

Incorporated in STEDIA products also, in response to diversifying market needs.

CENTRO

[Exclusive]



Luxurious worktop “Enzo”
with marble appearance



CENTRO/STEDIA

[Common]



Black ceramic worktop “Sirius”

Highly rated by two industry papers.

	Nikkei Home Builder Desired for implementation by professionals Architectural and Construction Materials Manufacturers' Ranking 2019	Renovation Industry Newspaper Facility and building materials selected by renovation sales professionals and planners Renovation Grand Prix 2020	
Grade I (Luxury range models) 	 System kitchen category 1st place	High-end price range 2nd place	 Kitchen category Overall 1st place
Grade II (Medium range models) 		Intermediate price range 1st place	
Grade III (Popular range models) 		Popular price range 1st place	

“Aquila-Bath” model change for improved cleanability and design features.

AQULIA-BATH

アクリアバス



“Very clean counters” with improved cleanability and detachable features



The whole counter can be washed, to enable the proper cleaning of surrounding wall and floor areas.



A new interior decor for bathrooms that resembles living spaces has been proposed.

- The trendy living room interior component of a “retaining wall”, available in 210 color combinations, has been incorporated.
- New colors have been added to ceilings, counters and bathtub aprons, to create preferred bathroom spaces, similar to the way room interiors are considered.

Flagship model “TIARIS” further enhanced

TIARIS

ティアリス



New TIARIS design without a lower mirror panel

- Stainless even in portions hidden from view
→ [Stainless steel cabinet]
- Wash basin bowl reduces cleaning effort
→ [Nagarail bowl]



Stainless steel cabine



Nagairail bowl

Functionality and beauty have been retained, however convenience has been improved and price variation broadened.

Enhanced usability and substantial storage space with “one-sided bowl counter”



Lower mirror panel and “three-panel resin mirrors” for broadened price variation



One-sided bowl counter



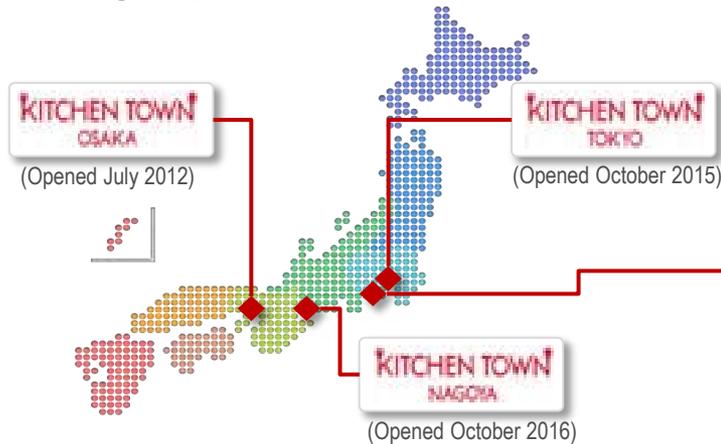
Three-panel resin mirrors



2. Enhancements in mid to high-end markets [4] Showrooms

Showrooms, which serve as important points of contact for customers, will continue to be improved

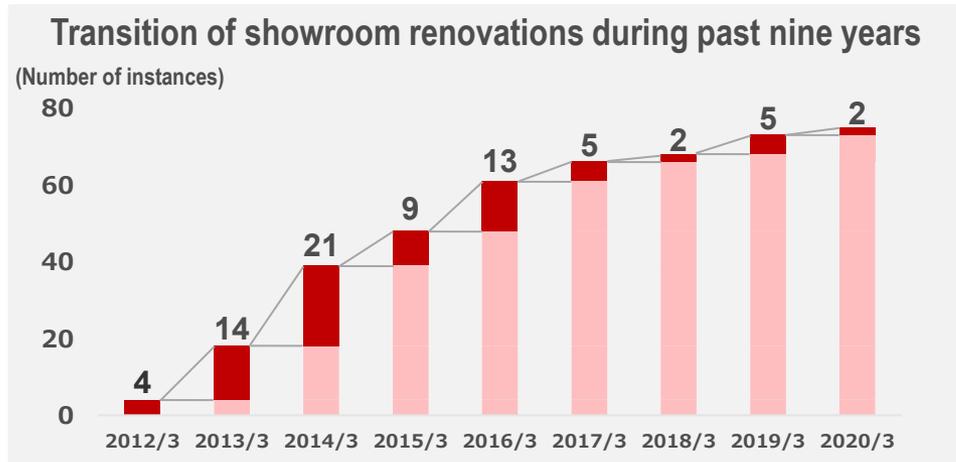
■ Flagship showrooms: Four locations established nationwide



Opened at Minatomirai on June 28



■ Showrooms nationwide: Renovations continuously implemented to sustain attraction



[Principal aspects of renovations]

- Creation of spaces to “view, touch and experience”
- Utilization of showrooms as local community spaces for cooking classes and food culture events, etc.
- Transitions and increased floor areas with a discerning perspective on market changes in each region

2. Enhancements in mid to high-end markets [5] Renovation business

Further instillation of vitality for renovation business: Triggering demand through events and contests.



- Sales fairs and events held nationwide, while aggressively promoting information exchange meetings.
- Renovation demand triggered in collaboration with distribution partners



Photographs of case examples are posted on the website each and every day



- The number of renovation case examples, posted by members of the Water Section Workshops, exceeds 40,000 every day.
- The images serve to assist customers considering renovations and they can be utilized as references for selecting contractors.



Case example photo contest voting period

November 2019 to end January 2020

Purpose

- Further enhancement of customer contacts on the internet.
- Enhancement of public relations toward members of the Water Section Workshops.

STEDIA Renovation case examples

Before

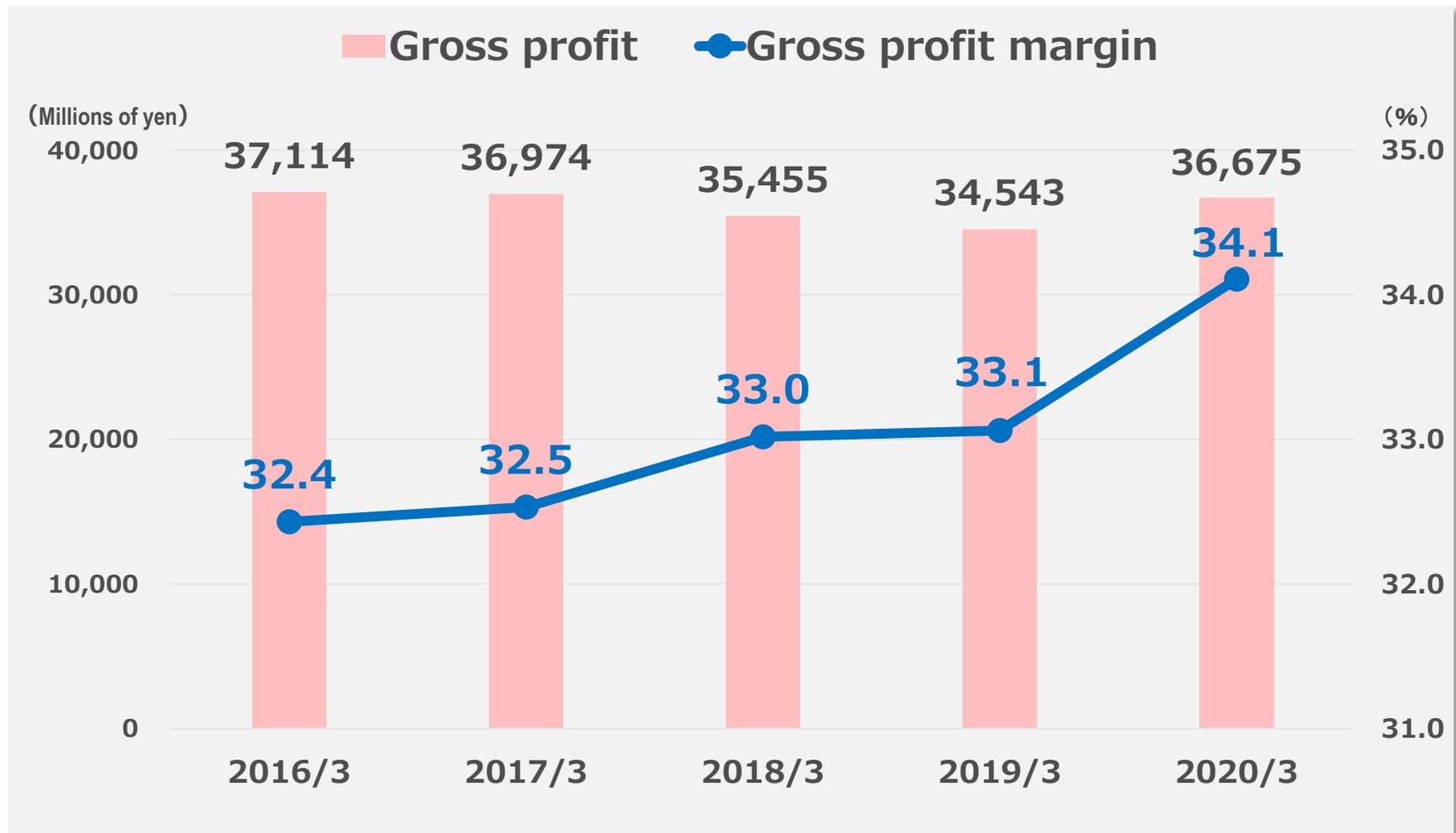


After



3. Transformation of Profit Structure [1] Activities for reducing costs

Improvements to gross profit margin on sales.



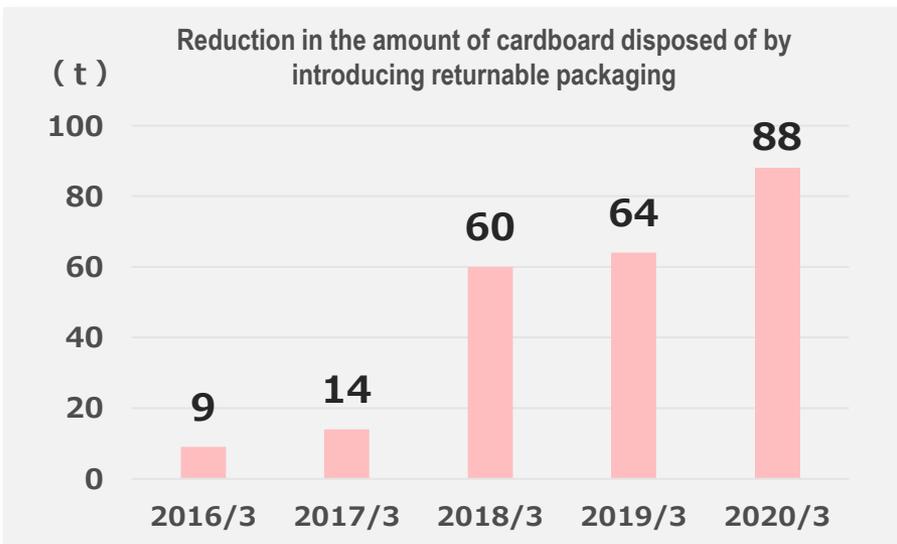
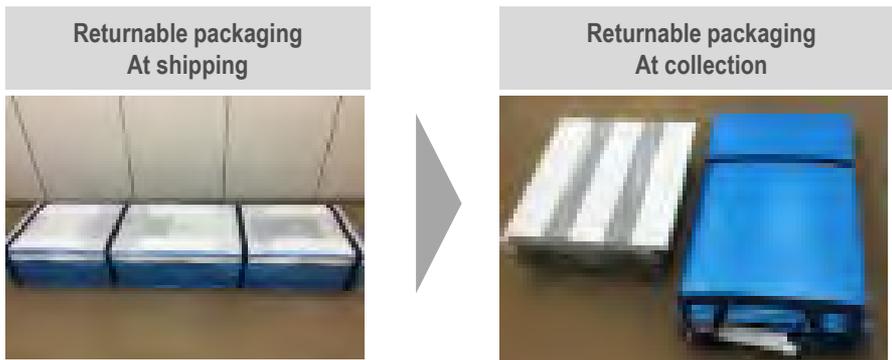
3. Transformation of Profit Structure [2] Reduction of cardboard

(cutback of expenses and environmentally responsive action)



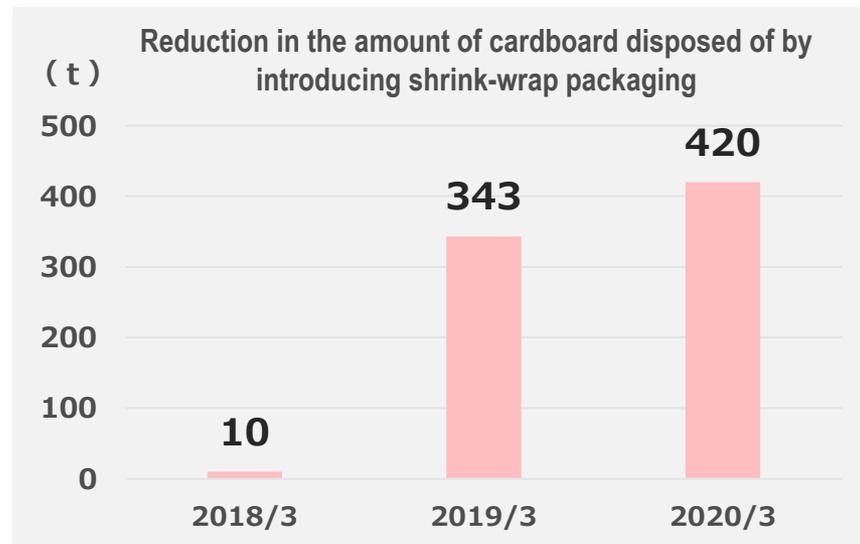
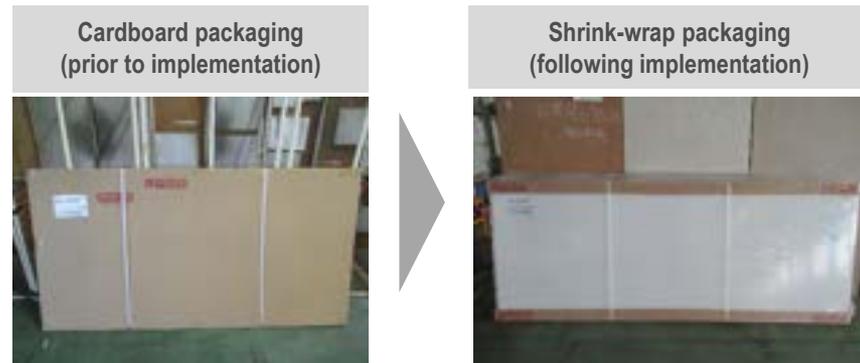
Utilization of returnable packaging

Worktop packaging is shifted from “disposable cardboard” to “returnable packaging”.



Utilization of shrink-wrap packaging

The packaging of wall panels for system kitchens has been shifted from “disposable cardboard” to “shrink-wrap packaging”



4. Expansion of Overseas Business Operations

- ◆ The sale and export to primarily Asian destinations for kitchen products made with stainless steel that are considered key items.
- ◆ Effective sales promotions to improve the Cleanup brand value.

● China

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

● Taiwan

- Profits increased through focusing on the sales strategy for luxury items.
- Showrooms have been established throughout Taiwan by strategically extending sales areas.

● Singapore, Malaysia, Thailand and Vietnam

- The establishment of new showrooms at our distributors, as well as our engagements with social media and distribution of videos, drive and support sales promotions, etc.

● Other parts of Asia

- Establish distributors at major nations and implement marketing primarily to wealthy populations.



Taiwan exhibit



Thailand exhibit



Deliveries in Malaysia



Deliveries in Vietnam



Deliveries in China

Implementation of new business operations through business alliances.

First series of new businesses

Overseas kitchen business targets wealthy class

Luxury Italian kitchen brand
Valcucine
(introduced to Japan in 2017)



◀ Valcucine Tokyo featuring avant-garde pieces of work ▼



As a member of the “Italian Creation Group”, which is the top brand group in Italy, we started exhibiting “Driade” furniture and “Fontana Arte” lighting of the group at Valcucine Tokyo.

Second series of new businesses

Dining business in collaboration with members of other industries



Collaborating with Hida Sangyo, a long-established furniture manufacturer, to create new spaces for living and dining rooms, as well as kitchens.



Introducing a corporate brand that conveys our thoughts for the “70th business anniversary”

■ Brand image movie “Hands Make Smile”



- Released on our “70th business anniversary website” -

[Themes of images]

“Craftsmanship and spirit woven through the years, as well as people, empathy, pride, gratitude and the future”

Focusing on the “people” involved with Cleanup and our company, using various “hands” shown as a motif for images and presented with realistic sounds from the field.

■ “70th business anniversary chronology – with gratitude for the 70th anniversary”



Issuing a leaflet that outlines the history of business and product development so far

Columns, for introducing the social conditions and the like for the times, will be established and our corporate history will be presented, offering an opportunity to look back over the changes to how people lived since the post-war 1940s, through to the rest of the 20th century and into the 21st century.

ESG of Cleanup

Sustainability Report 2019

Introduce our activities for a sustainable society, viewed from the perspective of ESG (Environment, Society and Governance)

- “Environmental Report” issued annually since 2005.



- The name of the publication was changed to “Social and Environmental Report” in 2017, to include our social activities as well.



- The report will be issued as a more substantial “Sustainability Report 2019” this year.



Featured on our website

https://cleanup.jp/life_cycle/

ESG of Cleanup

Kitchen Annual Report 2020

- Cleanup Tasty Life Research Institute -

“The ‘present state’ of consumers is analyzed from the perspective of the kitchen” by investigating, analyzing and presenting findings on the changes relating to food, goods and space, every three years.

- Recent survey: This survey focused primarily on the changes to cooking utensils and apparatuses accommodated in kitchen spaces
- Comparisons were made between the years 2011 and 2016, determining that the ownership rate had declined across all age groups for nearly all items

[Investigation outline]

Study Period: June 13 to 16, 2019.

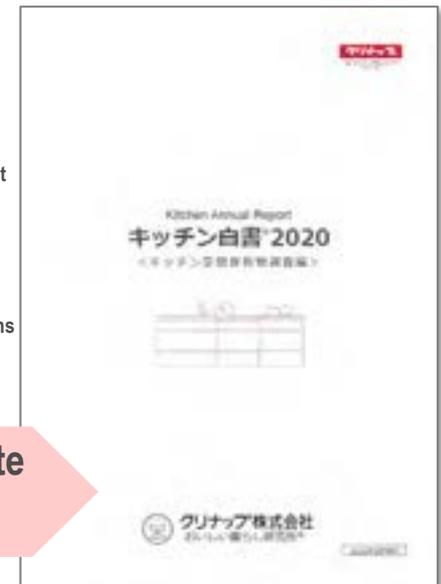
Surveyed areas: Throughout Japan

Targets of survey: Married females from 20 to 60 years old, who are living with family members (excluding separated, divorced or widowed individuals, as well as those residing at the current home for less than a year or who had their kitchen renovated less than one year ago).

Number of respondents: 1,518 persons

Survey method: Survey questionnaire on internet

* A survey also conducted with the same conditions in 2011 (number of respondents: 1,500 persons) And in 2016 (number of respondents: 1,484)



Featured on our website

<http://cleanup.jp/oikura/kitchen-hakusyo/index.shtml>

ESG of Cleanup

Cleanup Wrestling Club Operation

Wrestler Hiroe Minagawa (women’s 76 kg class) was given an unofficial invitation to the Tokyo Olympic Games!



She won the silver medal at the “World Wrestling Championships 2019”, which is the preliminary qualifier for the national team of the Tokyo Olympic Games and therefore was given an unofficial invitation to join the national team.



- Convened period: September 14 to 22
- Convened location: Nursultan, Kazakhstan



A corporate internal poster announces the unofficial invitation



A motivating banner is strung up at the Tokyo Head Office, Iwaki Plant and Okayama Plant

- Wrestling competitions have been advocating sports since the establishment of the club in 1992.
- Four members are currently active and participating in domestic and overseas competitions.



Hiroe Minagawa, wrestler

Masuto Kawana, wrestler

Kirin Kinoshita, wrestler

Kanta Shiokawa, wrestler

<https://cleanup.jp/wrestling/>

8. Activities for preventing the spread of the novel coronavirus infection

Our corporate group will be boosting measures to prevent the spread of the novel coronavirus infection for the entire group, which involves all stakeholders, including our employees and their families, as well as our distribution partners and customers by securing their safety and health, while ensuring our organizational framework continues to sustain our business activities

(1) Activities for securing safety and health while reducing any infection risks to employees

The safety and health of our employees are considered our foremost priority and aside from thoroughly implementing general preventive measures for infection, such as disinfecting, washing hands and so on, we also encourage maintaining social distancing for our work environments, implementing off-peak commuting and encouraging teleworking as much as possible.

We also prohibit non essential or not urgent business and implement other infection preventive measures, such as utilizing teleconferencing and the like.

(2) Activities for business continuity

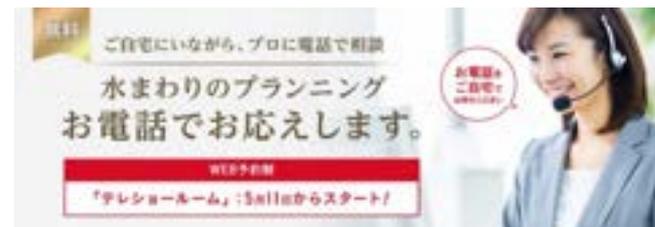
- Notes on production and supply

We are continuing with production while securing the safety and health of our employees, according to the directives of national and local governments.

Delays occur with the delivery of some products (primarily equipment), due to the impact from the suspension of economic activities in China, however operations relating to such products will resume sequentially, as soon as the probability for such supplies becomes available.

- Notes on sales and showroom activities

Showrooms have been temporarily closed in accordance with the proclaimed state of emergency and therefore we started providing “Teleshootrooms”, which offer telephone consultations for extending our teleconsultation service to our customers at home.



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 FY2019 financial results (April 2019 – March 2020) 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 28, 2020. 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.