

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 2016 Year-End Results

May 17, 2017



I . Results Outline

1. Outline of Consolidated Results for the Period Ended March 2017



(Units: millions of yen)

	2017/3 (Actual Results)	2016/3 (Actual Results)	Change From Prev. Period	2017/3 (Initial Forecast 5/10)	2017/3 (Revised Forecast 11/7)	Compared To Revised Plan 11/7
Net Sales	113,661	114,445	△0.7%	119,000	119,000	—
Operating Income	1,989	1,129	76.1%	2,500	2,500	—
Ordinary Income	1,795	867	106.9%	2,200	2,200	—
Profit attributable to owners of parent	1,339	340	293.2%	1,200	1,450	20.8%
Net Income Per Share	33.55yen	8.19yen	309.6%	28.85yen	34.86yen	20.8%

* Initial Forecast 5/10: Announced May 10, 2016

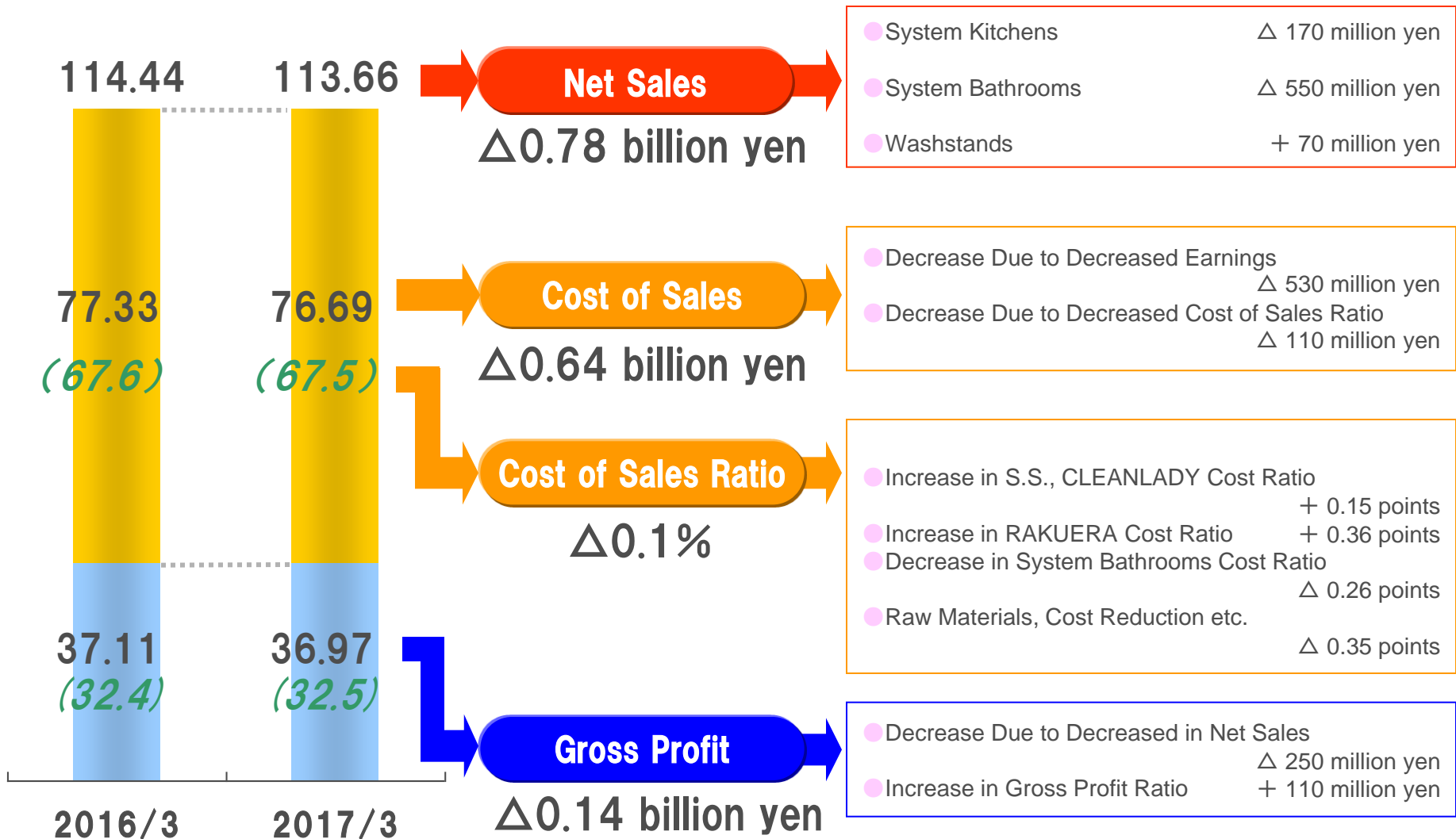
* Revised Forecast 11/7: Announced November 7, 2016

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

(Units: billions of yen)

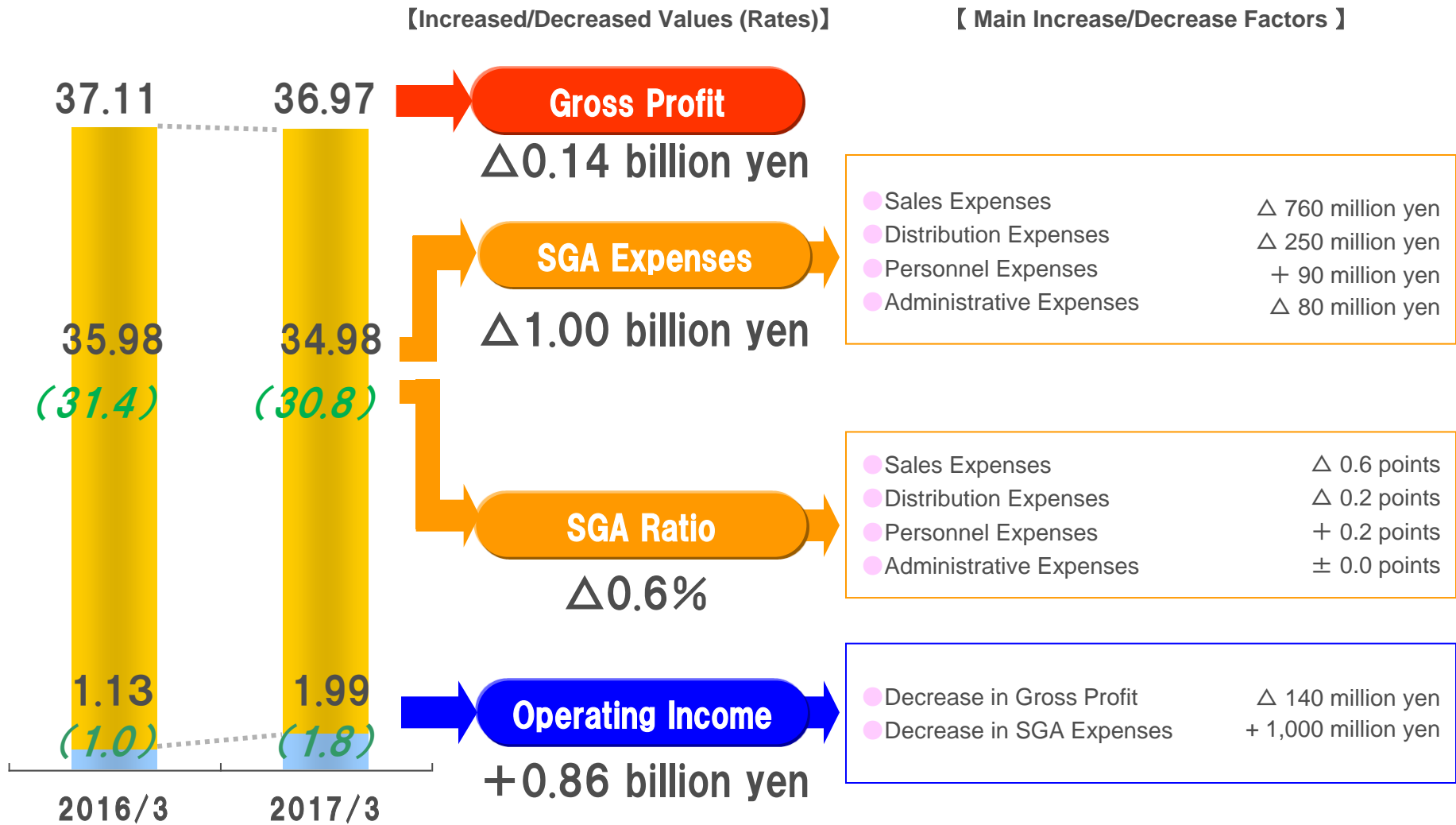
【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】

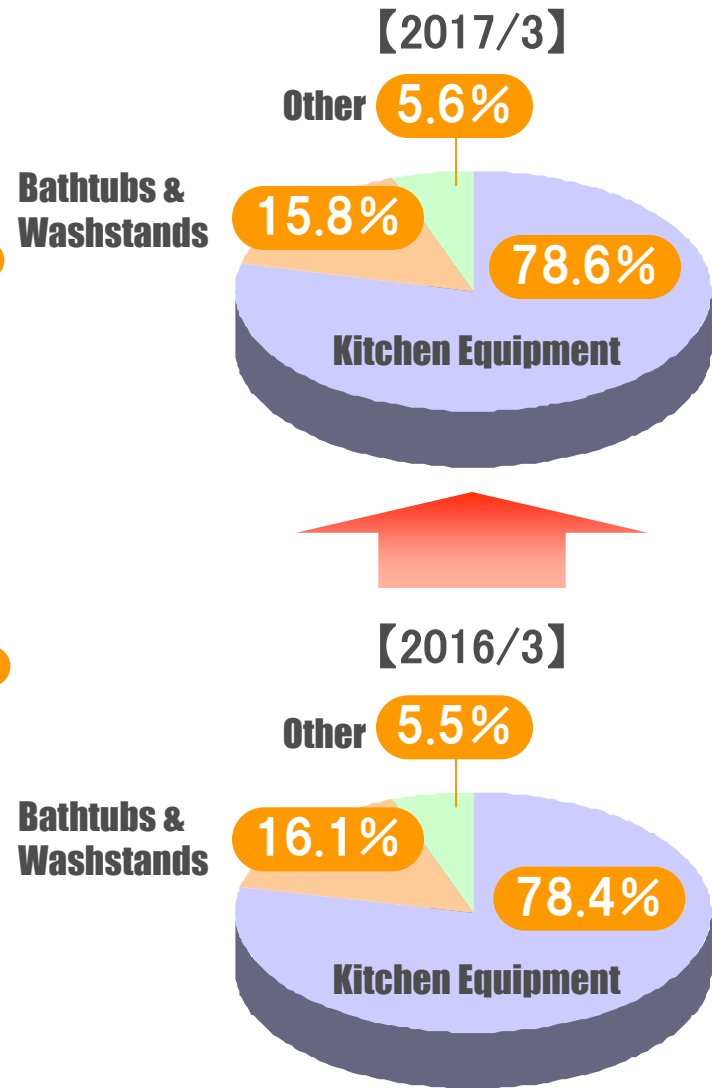
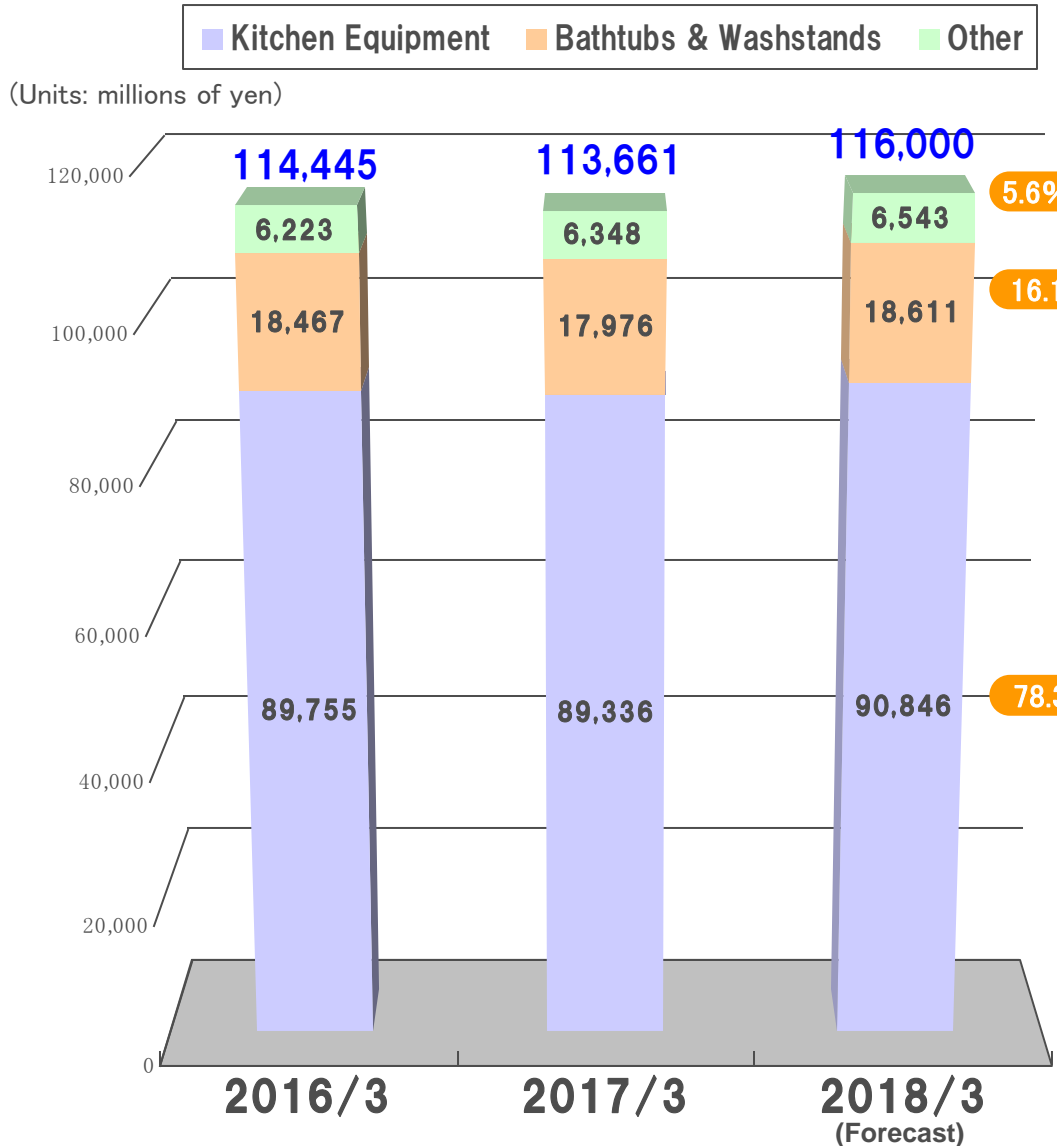


2. Consolidated Profits (2) SGA Expenses, Operating Income

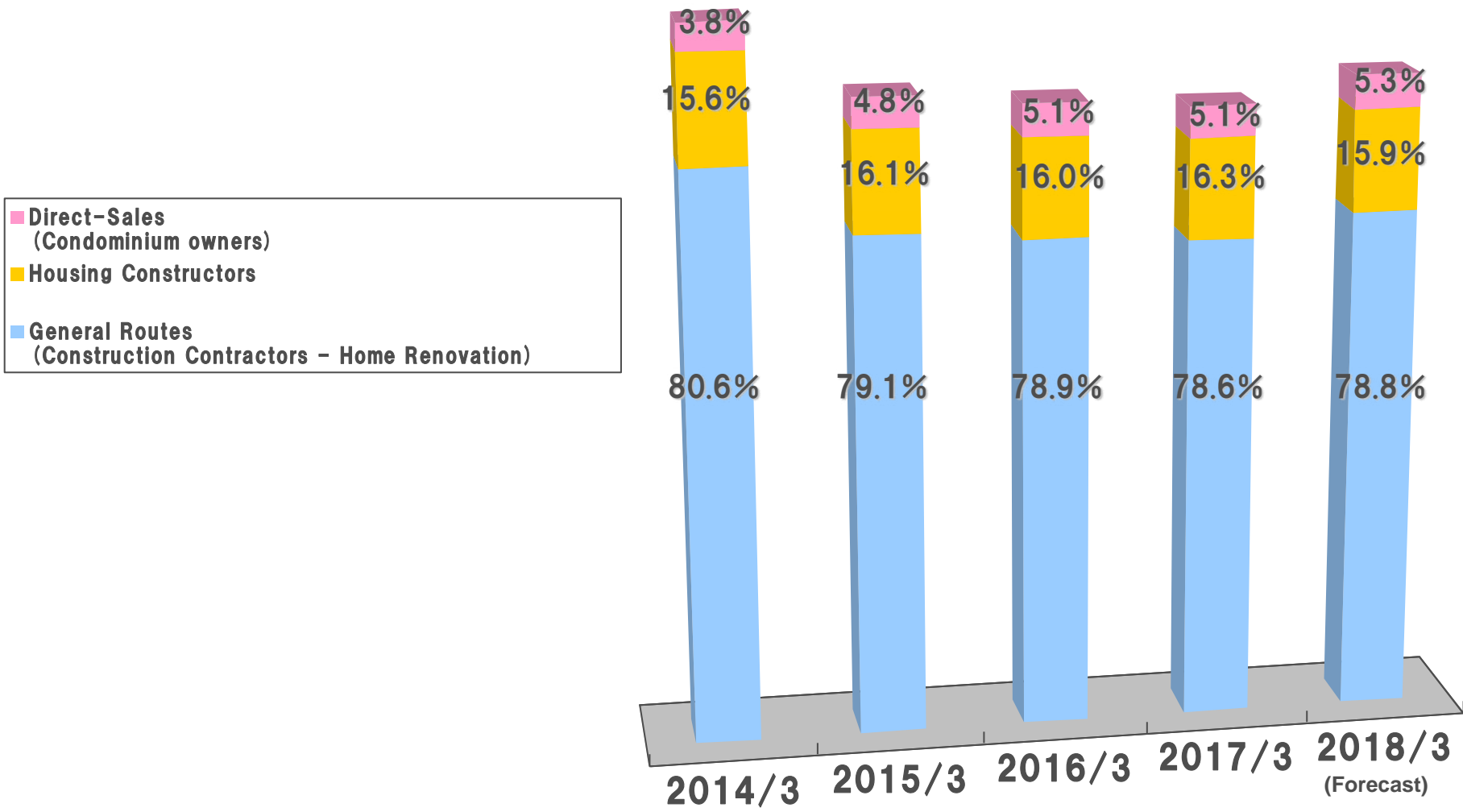
(Units: billions of yen)



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



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



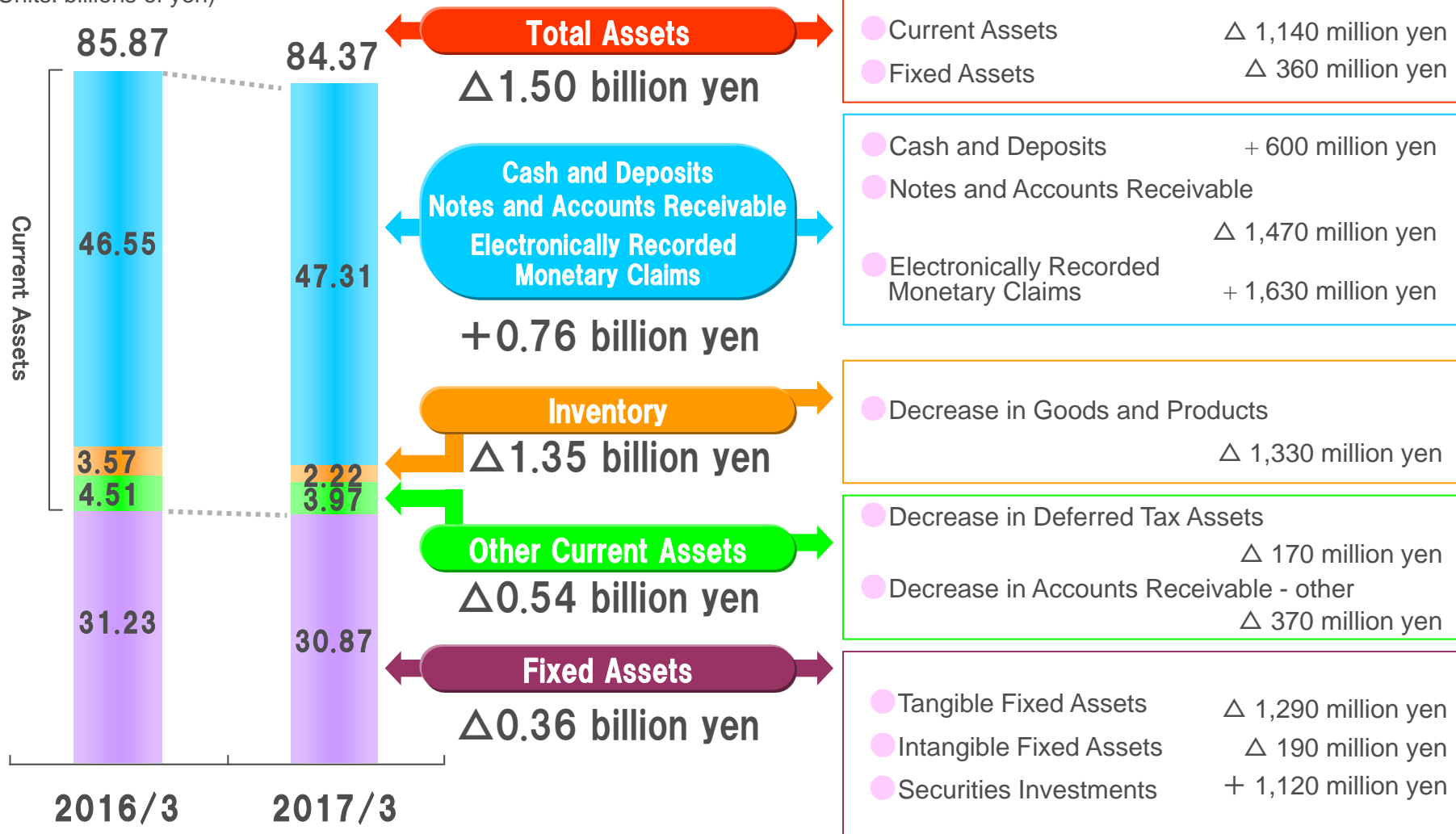
4. Consolidated Balance Sheet Summary – 1/2

【Assets】

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】

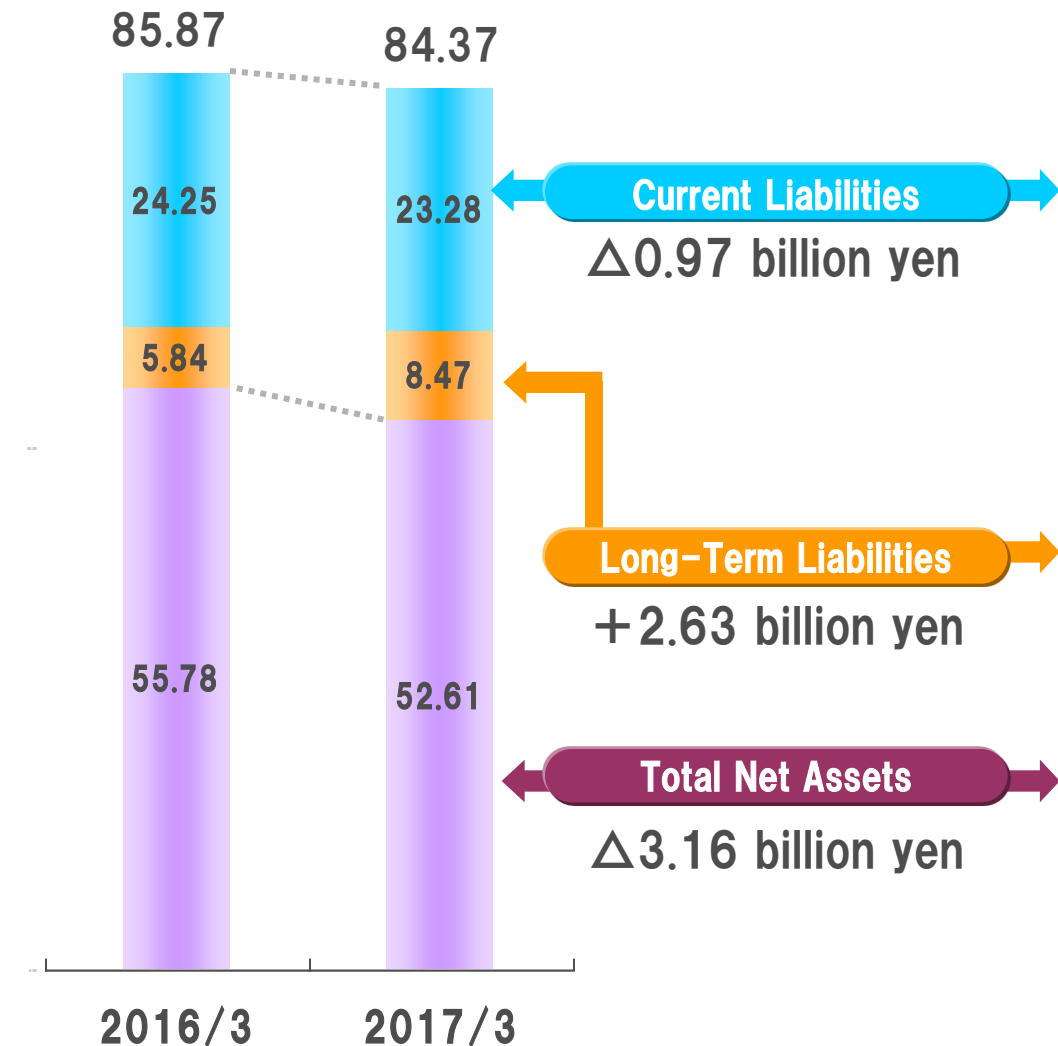
(Units: billions of yen)



4. Consolidated Balance Sheet Summary – 2/2

【Liabilities / Net assets】

(Units: billions of yen)



【 Increased/Decreased Values 】

【Primary Reasons for Increase/Decrease】

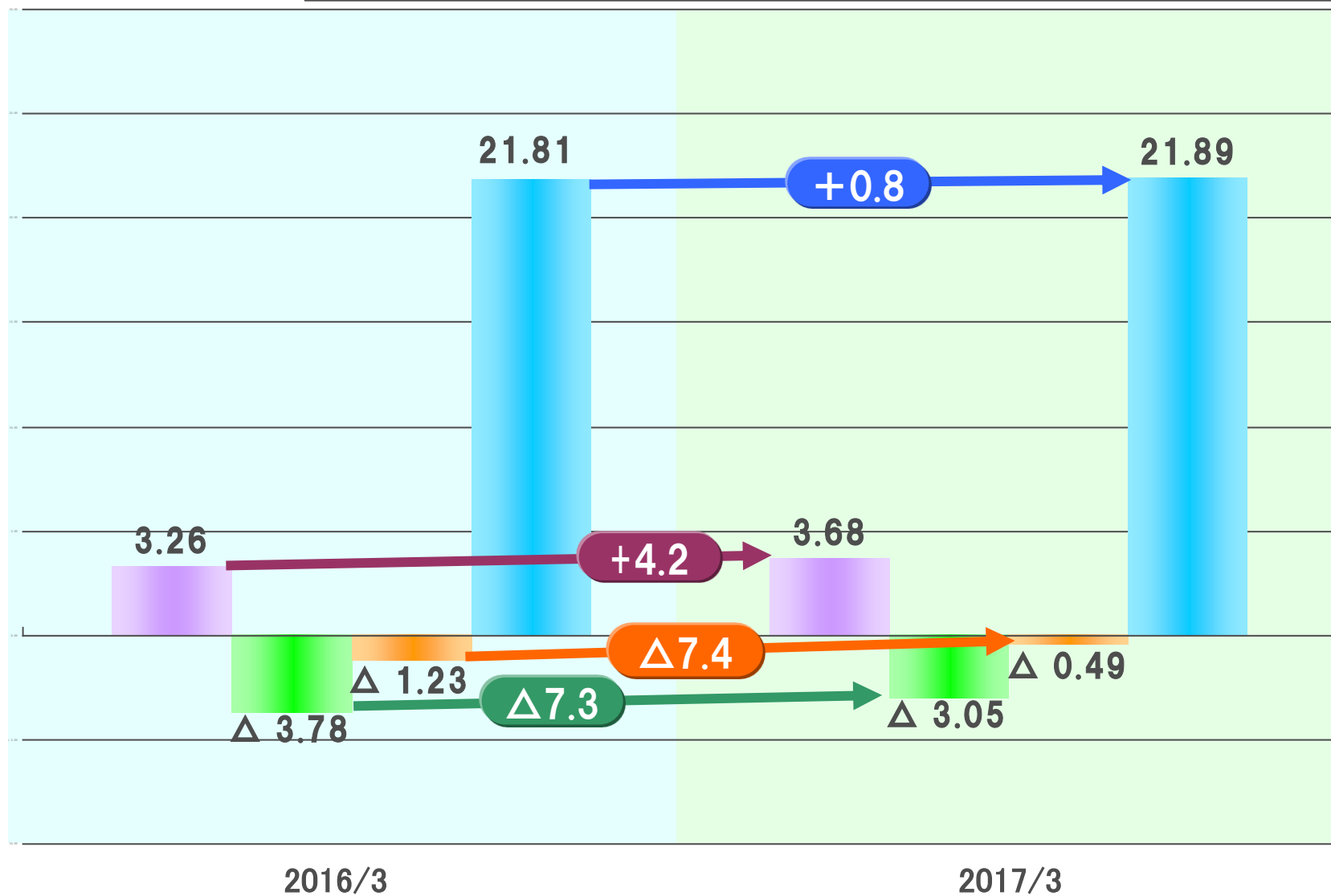
- Trade Accounts Payable, Other Accounts Payable Δ 6,660 million yen
- Provision for loss on dissolution of employees' pension fund Δ 910 million yen
- Current portion of long-term loans payable + 1,880 million yen
- Electronically Recorded Monetary Claims + 5,160 million yen

- Long-term loans payable + 2,410 million yen

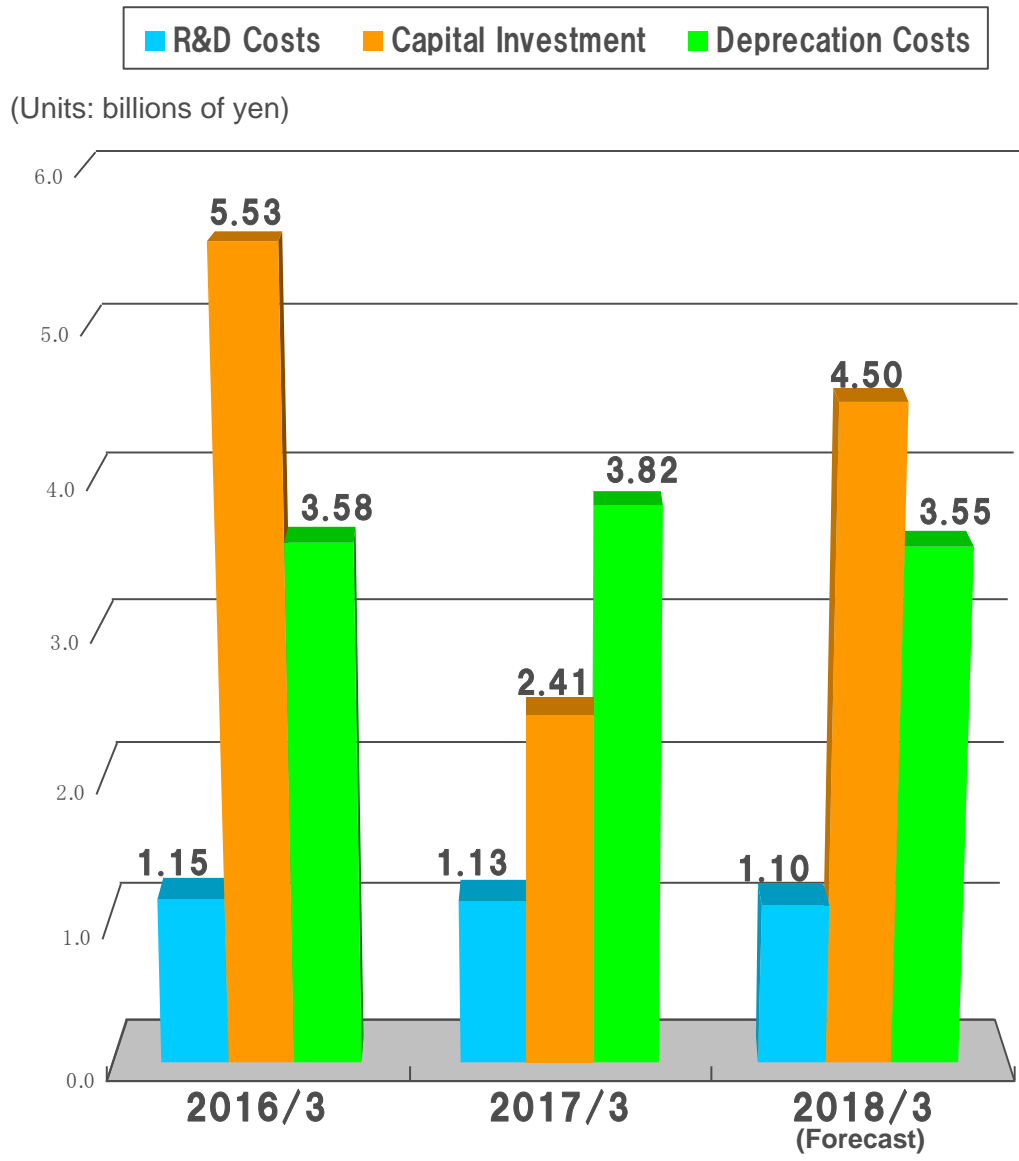
- Net Income + 1,340 million yen
- Dividends Δ 830 million yen
- Valuation Difference on Available-for-Sale Securities + 390 million yen
- Purchase of treasury shares Δ 3,800 million yen

5. Consolidated Cash Flow Statement Summary

(Units: billions of yen)



6. Capital Investments (Consolidated)



【Major Capital Investment Details】

FY 2017 Results

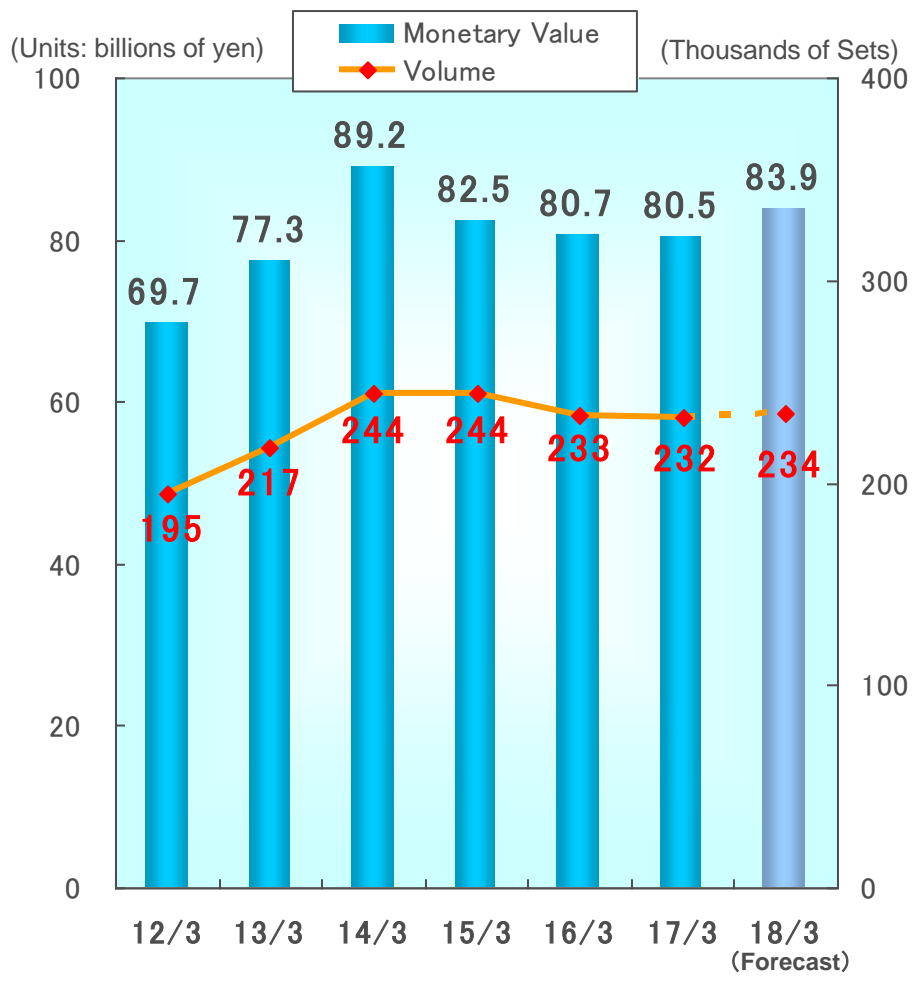
- ① Production-Related 620 million yen
- ② Showroom Renovation 930 million yen
- ③ Information Investment 700 million yen
- ③ Others 160 million yen

FY 2018 Plan

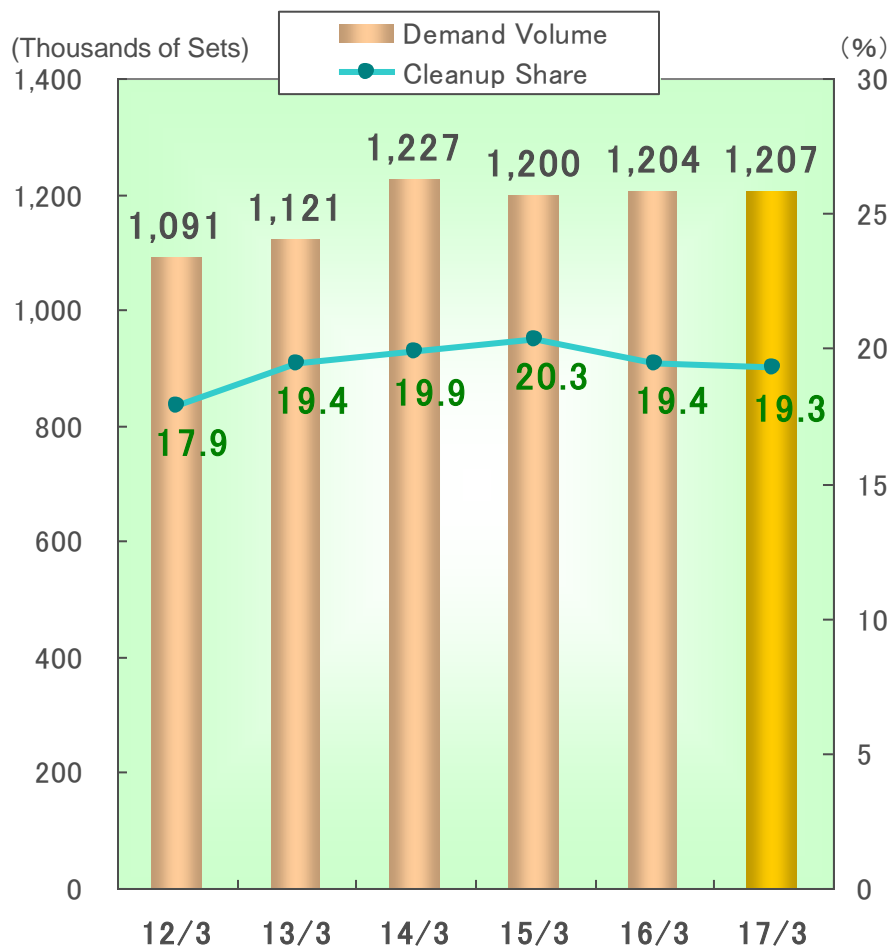
- ① Production-Related 1,760 million yen
- ② Operations-Related 1,520 million yen
- ③ Information-Related 1,070 million yen
- ④ Others 150 million yen

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

Complete System Kitchen Sales Results

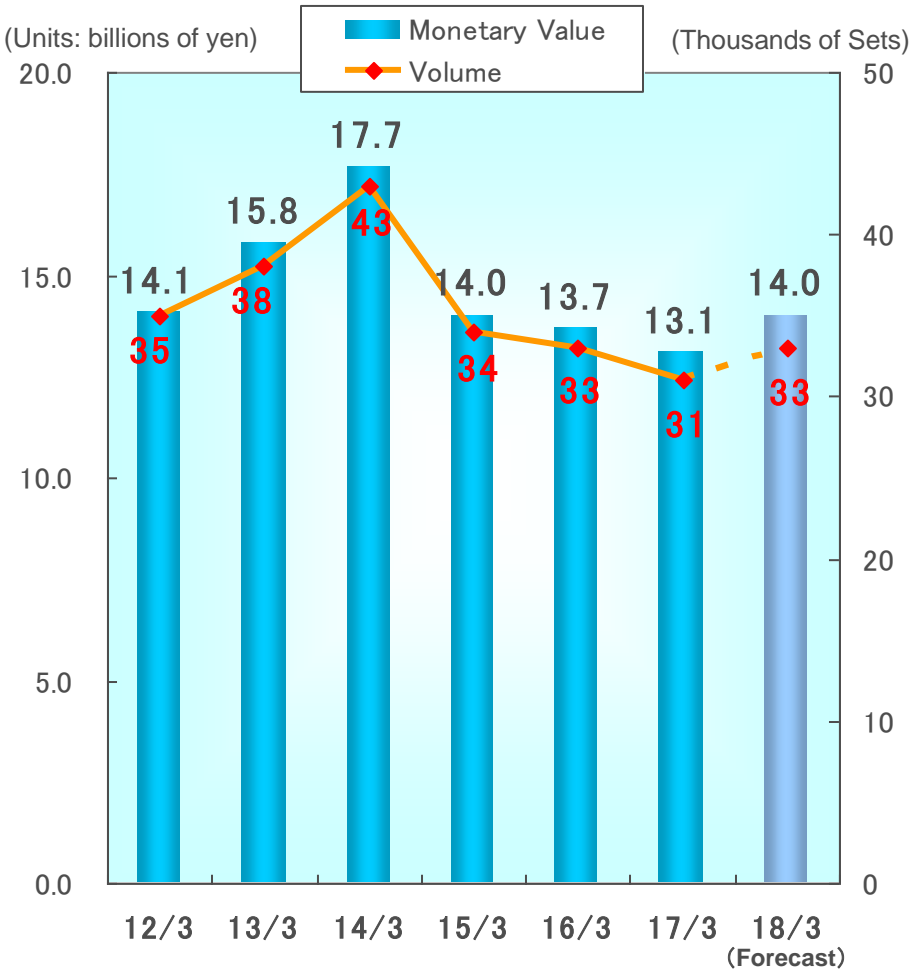


Demand Trends and Market Share

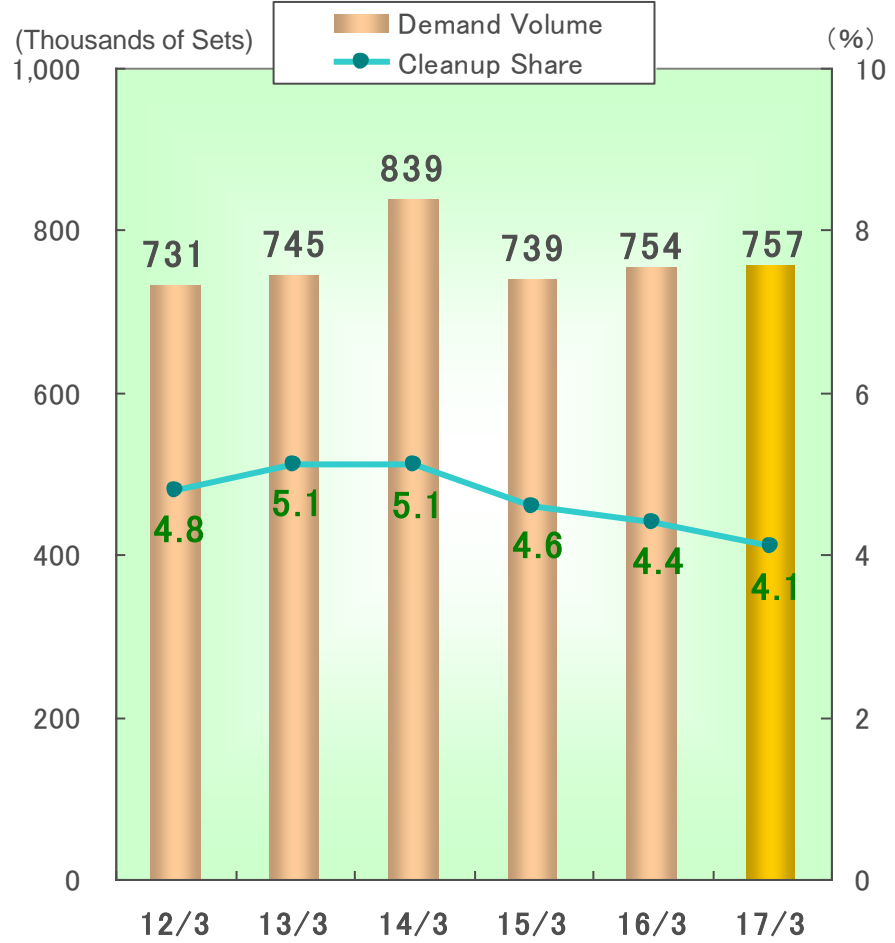


7. Sales Results For Major Products and Cleanup Market Share - 2/3

Modular System Bathroom Sales Results

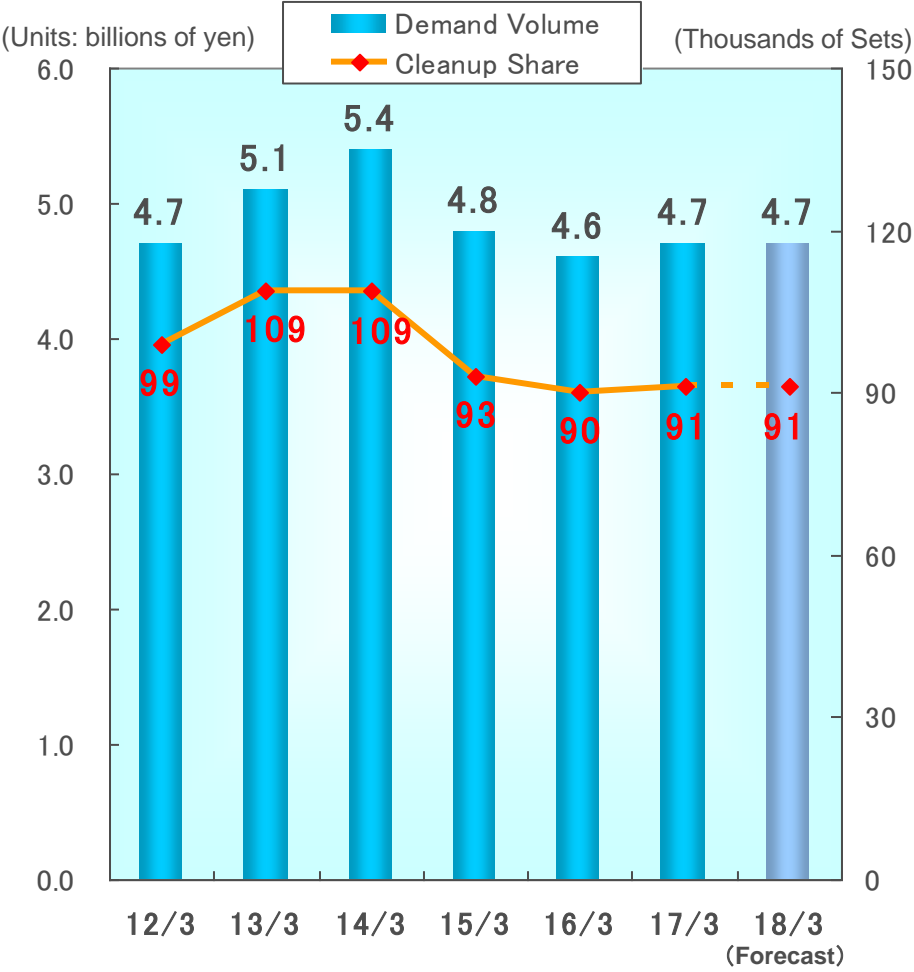


Demand Trends and Market Share

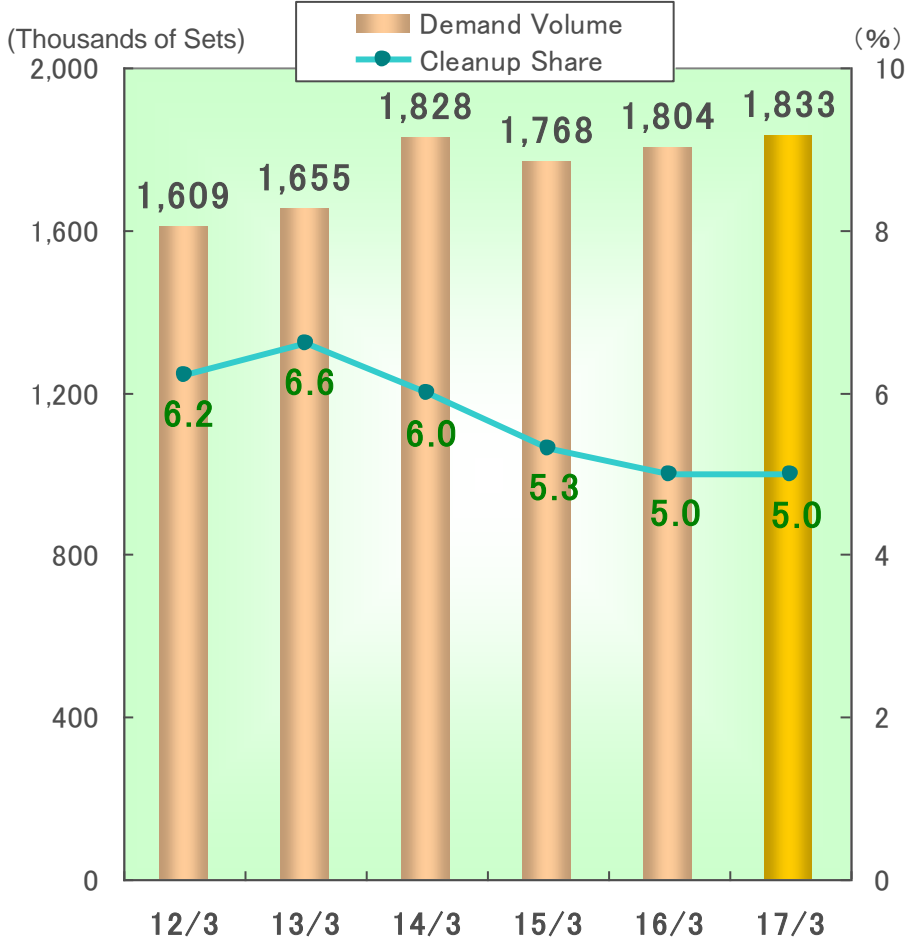


7. Sales Results For Major Products and Cleanup Market Share - 3/3

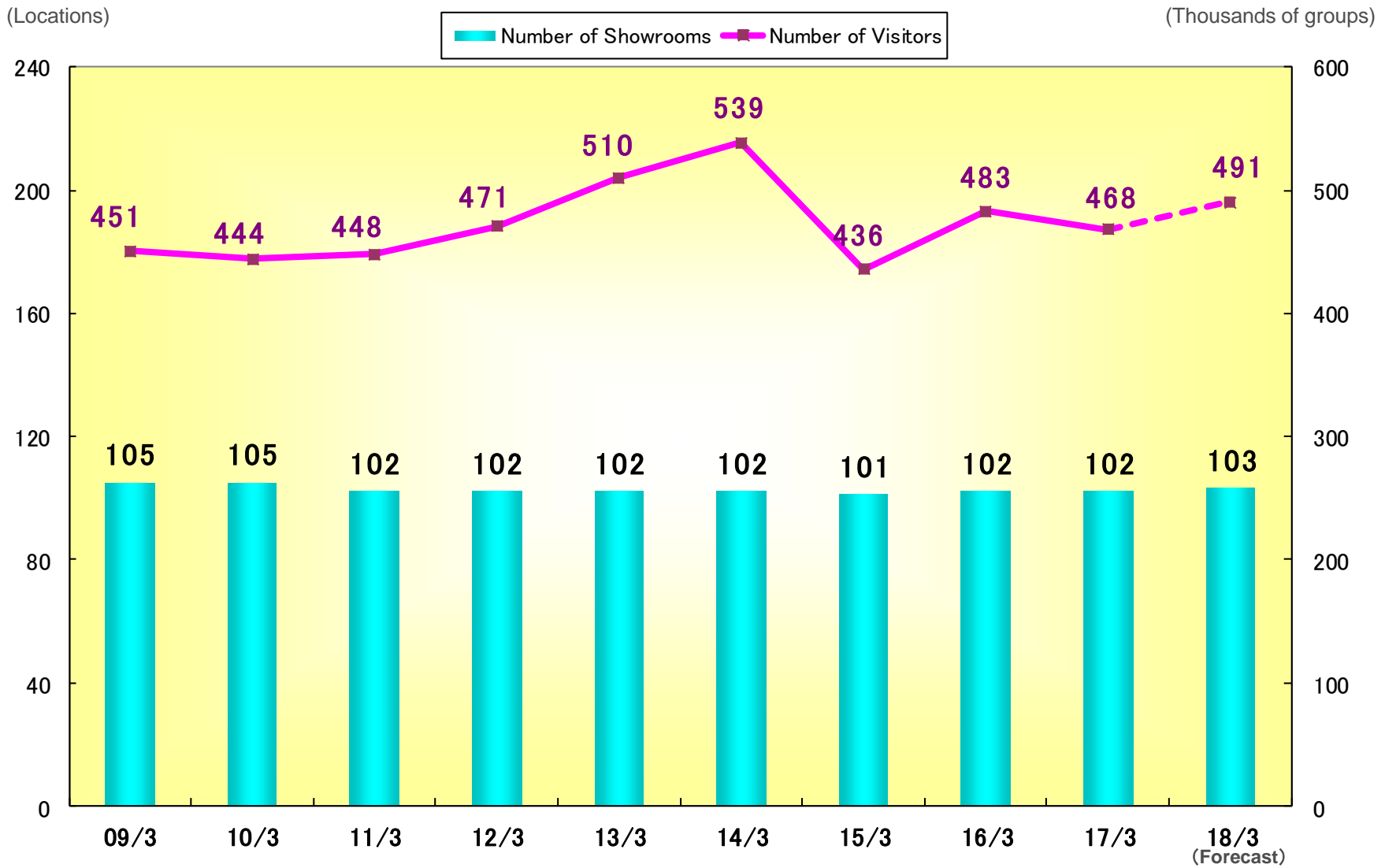
Washstands/Vanities



Demand Trends and Market Share



8. Showrooms And Visitor Numbers



9. Forecasted Consolidated Results for the Period Ending March 2018

(Units: millions of yen)

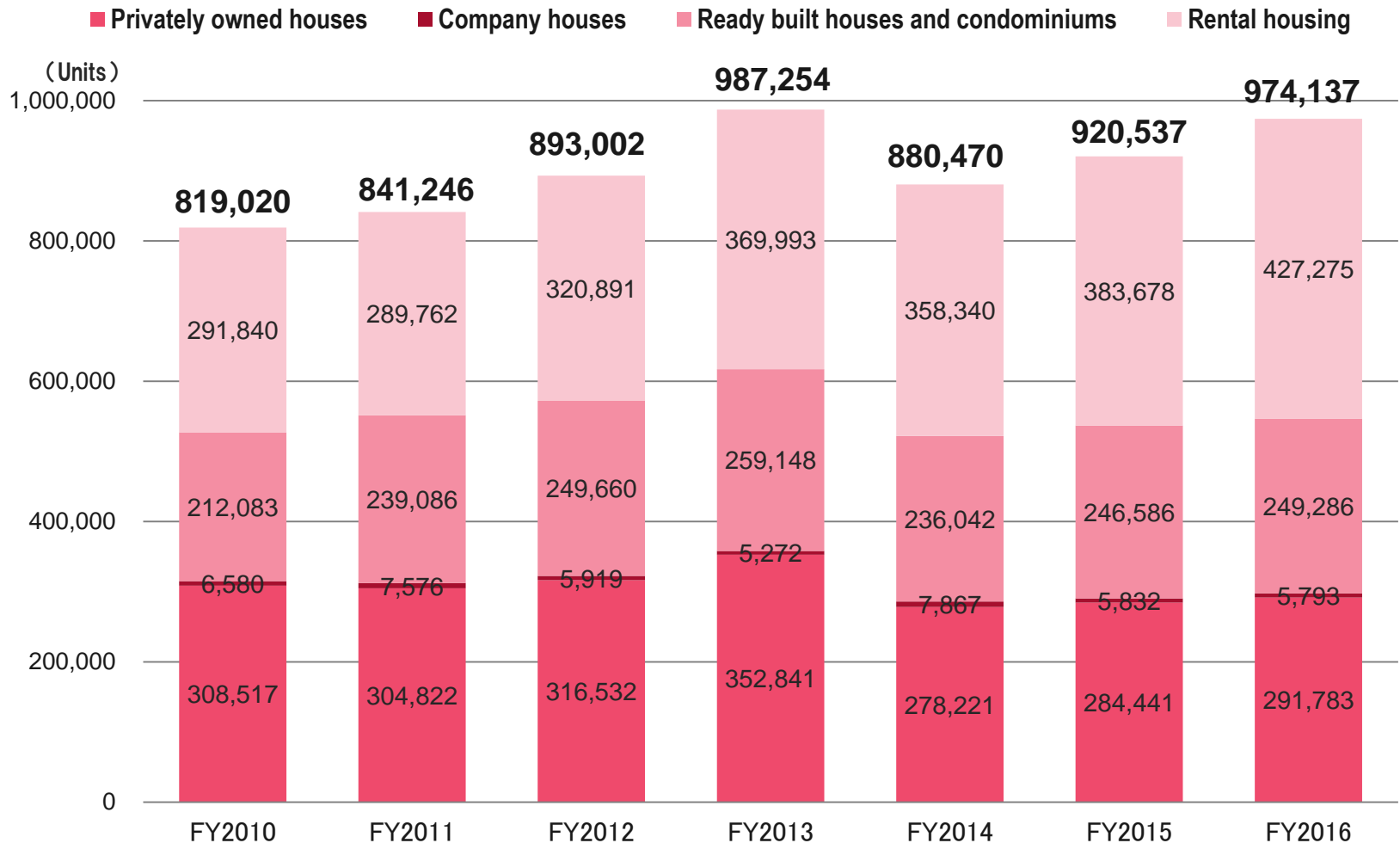
	2017/3 (Actual Results)	2018/3 (Forecast)	Change From Prev. Period
Net Sales	113,661	116,000	+2.1%
Operating Income	1,989	2,300	+15.6%
Operating Income Margin	1.8%	2.0%	-
Ordinary Income	1,795	2,100	+17.0%
Ordinary Income Margin	1.6%	1.8%	-
Profit attributable to owners of parent	1,339	1,350	+0.8%
Net Income Margin	1.2%	1.2%	-

II. Future Strategy

**Progress of Medium-Term Management Plan and
Basic Policy for FY2017**

1. Management Environment — Trends in the number of New housing starts

The amount of construction work grew for rental housing, however the status for privately owned houses, as well as ready built houses and condominiums, more or less leveled off.



* Ministry of Land, Infrastructure, Transport and Tourism Monthly Economic Construction Statistics, Building Starts

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. Activities to "Reform Revenue Structure"

1) Product Policy - ① Enhance the sales of medium to high end products

Activities will be implemented to sustain the enhancement of products by developing a diverse range of proprietary functions, based on our uncompromising stance on stainless steel products.

February 2016
Renewal

Stainless Steel System Kitchen
S.S. (Es-es)

February 2016
Renewal

Vanity Washstand
S (Es)



Continuously clean always
Stainless steel cabinet

February 2016
Renewal

System Bathroom
Aqlia-Bath

The current, much talked about product "Nagarail Sink" has been incorporated into the highest grade system kitchen "S.S."



◀ Feeling relaxation,
"LED line lighting"
(standard equipment)



▶ Gives a perception of depth and
cleanliness to the space
"Stainless Steel Ceiling" (Optional)

3. Activities to "Reform Revenue Structure"

1) Product Policy - ② Develop products that have a competitive advantage in the renovation market

September 2016
Renewal

System Kitchen
Rakuera



Enhance renovation adaptive functions
 Incorporate system kitchen products in an economical price range with improved designability and storability. Implement product renewals for younger generations, who demand innovative residential that capture their field of view.



Renovation adaptive

An inspection access door is incorporated as a standard feature on the rear panel of the cabinet.



June 2016
Renewal

Vanity Washstand
Fancio / BGA



The "Nagarail" incorporated into a large bowl.



LED lighting

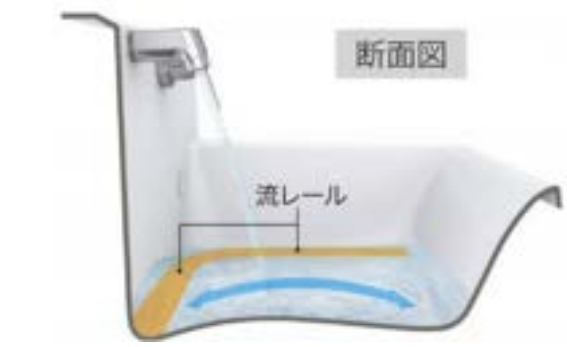


Simple square form

3. Activities to "Reform Revenue Structure"

1) Product Policy - ③ Capture social approval for new lifestyle value proposals

Social approval **1** Enhance the functions of the vanity washstand
"Nagarail Bowl"



Vanity washbasin "S" (Es) incorporating "Nagarail Bowl"

Social approval **2** System bathrooms that are not slippery even when wet.
"Ashipita" feet captivating patterns



Designed to give reassurance with a powerful grip when wet

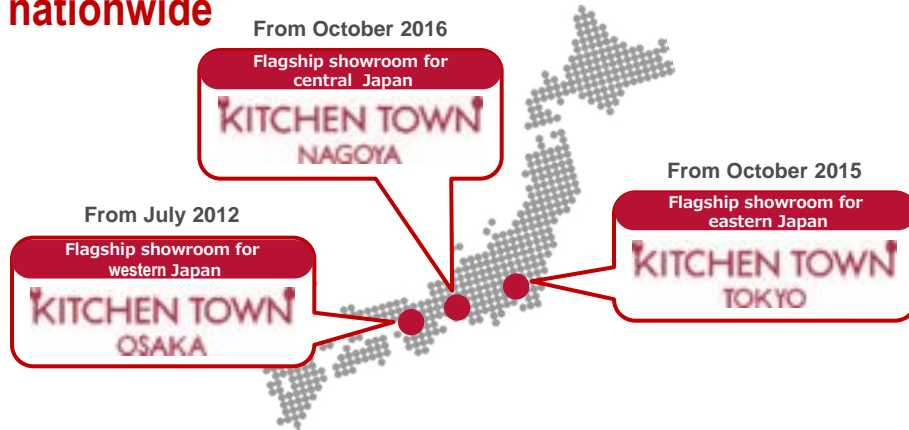
Attained through the special pattern treatment of "Aquiliston", artificial marble material. Wet feet adhere to the finely detailed uneven surface of the floor.



3. Activities to "Reform Revenue Structure"

2) Sales Policy - ① Promote sales strategies and sales support measures with the showrooms at the core

Three flagship showrooms and 102 showrooms nationwide



Record for new establishment relocations and renewals for 2016



Cleanup Kitchen Town Nagoya



Miyazaki Showroom



North Tokyo Showroom



Takamatsu Showroom

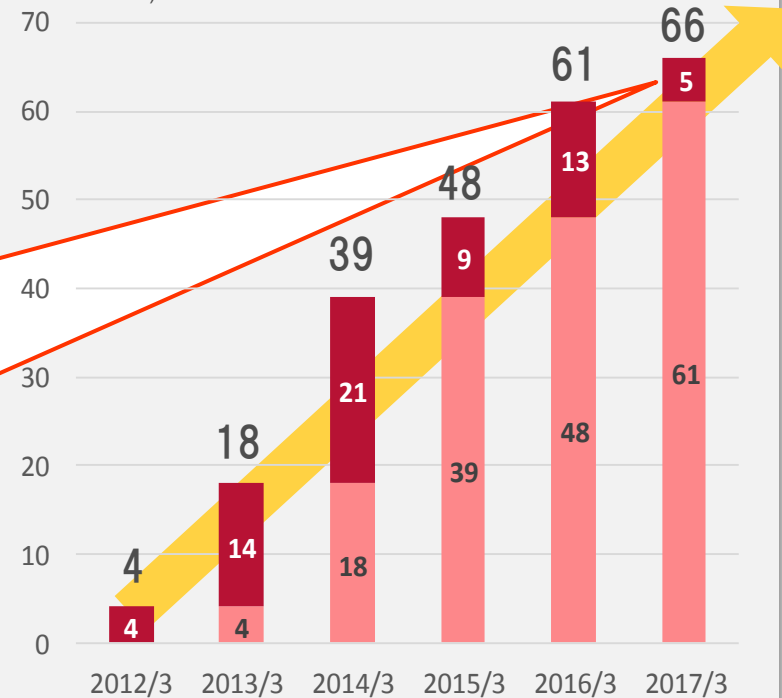


Numazu Showroom

Continue with aggressive refurbishments to improve the attractive features of showrooms, which are at the core of the sales strategy.

Transition the number of showroom relocations and renewals (new establishment only at one site, Kitchen Town Nagoya in March 2017)

(Number of sites)



3. Activities to "Reform Revenue Structure"

2) Sales Policy - ② Promote sales strategies and sales support measures with the showrooms at the core

From the submission of an estimate to the signing of a contract...

Link the two major events and mobilize personnel to the sensory showrooms to secure sales

Estimate

Consideration

Signed contract

ウルトラ流レール
キャンペーン2

知って得する
体感フェア



Estimation period: July to November

- Gifts are presented, after drawings, to individuals who received our estimates during the above period.
- A Prize: A surprise from an Ultra Hero
- B Prize: An experiential gift of choice
- C Prize: Ultra Cleo Original QUO Prepaid Card

Implementation period: September to October

- Individuals who received an estimate gather at a showroom.
- The "Shittoku Tour" is to provide guided tours through showrooms.
- An ample number of fun events are held, such as drawings for prizes.



"Help consumers to be better informed about the superior features of Cleanup products"

Assistants will lead tours at showrooms during the period the fair is held in order to propose useful items and a lavish lifestyle, so that visitors can get an idea of the thoughts that went into the products offered by Cleanup.

4. Activities to “Evolution of Management Base”

1) Enhancement of production organization

East and West Bipolarized Production Framework Completed

April 1, 2017

Wholly owned subsidiary "Cleanup Okayama Industrial Co., Ltd." was acquired and merged

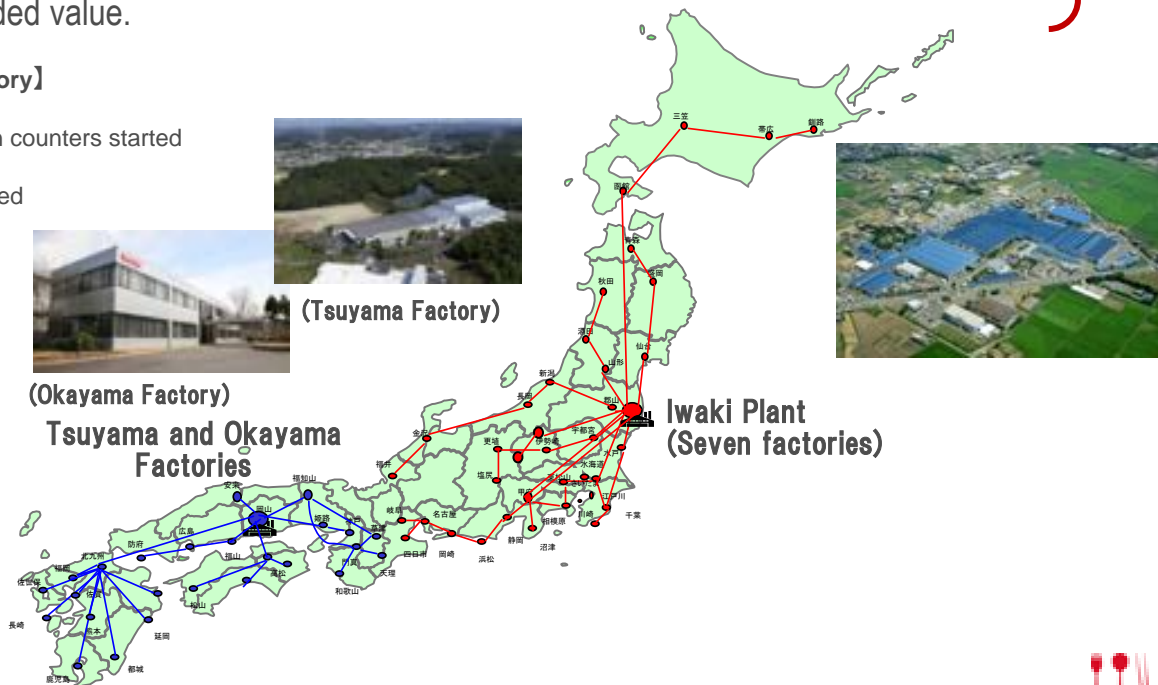
Activities intended to improve the work operational efficiency will be implemented under a more dynamic framework to improve the production engineering capabilities and reduce management costs. Benefits to be gained from a merge will be pursued in order to implement innovative reforms for corporate management, with an emphasis on added value.

【Flow of organizational enhancements at Tsuyama Factory】

- 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



Establish a completely autonomous production organization for system kitchens in the Western Japan District



4. Activities to "Evolution of Management Base"

2) Brand Strategy - ① The creation of people and brands that only a dedicated kitchen manufacturer can achieve.

Continuing from 2014, our products will be exhibited at Salone del Mobile Milano in Italy to demonstrate the presence of a system kitchen manufacturer of Japan.

JAPANESE KITCHEN DAIDOCORO

Theme: Superimposition

The proposal of a new living and dining space, incorporates the elements of space of a living room, dining room and kitchen, into one superimposed space.

Efforts have been made to create a design of "beauty" that is uniquely Japanese, leading to the evolution of the "DAIDOCORO" where a family can come face to face.



◀ April

Products exhibited at "Salone del Mobile Milano", an international furniture exhibition.



▲ November

Roppongi in Tokyo
Products exhibited at "AXIS Gallery Symposia"



4. Activities to “Evolution of Management Base”

2) Brand Strategy - ② The creation of people and brands that only a dedicated kitchen manufacturer can achieve.

Intellectual education program unique to Cleanup

Wakuwaku Kitchen! (Exciting Kitchen) Meal transformation class

Scientific elements of food preparation with different foodstuffs learned through experiments in the kitchen!



Sponsor: Oishiikurashi Good Living Research Institute
Venue: Cleanup Kitchen Town, Tokyo
Target: Senior kindergarten to elementary school students up to about third grade
Capacity: 10 persons each day

Cooperation of Cleanup with Kyushu University

Self-catering Workshop

The seminar, formulated by Kyushu University, is offered as a collaborative seminar



Sponsor: Cleanup Corporation
Collaborator: Bento Day Support Project



Venue: Cleanup Kitchen Town, Tokyo

4. Activities to “Evolution of Management Base”

3) CSR Project - Promotion of business activities with social missions

Opened
November 1,
2016

Opening of "Cleo Bakery"



Creating new employment opportunities for disabled individuals



A business location has been established and operated by our wholly owned special subsidiary company, "Cleanup Heartful Co., Ltd."

Address: 6-10-11 Nishinippori, Arakawa-ku, Tokyo

Hours of operation: 10:30 to 16:00

Closed days: Saturdays, Sundays and public holidays

Retail space: 56m² (approx. 17 tsubo)

Number of Employees: 8 persons

Product Lines: Pastries, meals in buns, sandwiches, etc.
Featuring some 30 products.

5. Activities to “Overseas Market Acquisition”

Products implemented primarily in Asian countries with stainless steel cabinets positioned as the key products

●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, Malaysia and Thailand

- 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 Taoyuan City, Taiwan



Okura Condominium, China



6. Activities to "Create New Businesses"

Acquire more customers by taking advantage of the EC website and establish a new business model

February 2017
Renewal

The renewal of the Cleanup Online Shopping Site makes the site even easier and more convenient to use.

Featuring after sale replacement parts for our products, as well as cooking utensils, water conditioners, water purifiers and other items that are useful for the lives of people with residences in wet areas, as support for the lifestyles of consumers.

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



Scheduled delivery programs for the replacement cartridges of water conditioners and water purifiers are also popular.

Column articles that are useful for living constitute substantial content



Innovations geared towards an added value (revenue) focused management

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For any questions concerning investor relations, please contact:

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URL <http://cleanup.jp/>

Disclaimer

This material is intended to provide information regarding FY2016 financial results (April 2016 – March 2017) 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 17, 2017. 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.