



**Presentation Material:  
Announcement of FY 2017 Interim Results**

**November 16, 2017**

# I . Interim Results Outline

# 1. Outline of Consolidated Results for Interim Period Ended September 2017



(Units: millions of yen)

|  | <b>2017/9</b><br>(Actual Results) | <b>2016/9</b><br>(Actual Results) | <i>Change From<br/>Prev. Period</i> | <b>2017/9</b><br>(Previous Forecast) | <i>Compared<br/>To Revised Plan</i> |
|--|-----------------------------------|-----------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| <b>Net Sales</b>                                       | 53,085                            | 56,747                            | $\Delta 6.5\%$                      | 56,800                               | $\Delta 6.5\%$                      |
| <b>Operating<br/>Income</b>                            | 601                               | 1,242                             | $\Delta 51.6\%$                     | 1,250                                | $\Delta 51.9\%$                     |
| <b>Ordinary<br/>Income</b>                             | 626                               | 1,153                             | $\Delta 45.7\%$                     | 1,160                                | $\Delta 46.0\%$                     |
| <b>Profit<br/>attributable to<br/>owners of parent</b> | 316                               | 935                               | $\Delta 66.2\%$                     | 760                                  | $\Delta 58.4\%$                     |
| <b>Interim<br/>Net Income<br/>Per Share</b>            | 8.64yen                           | 22.49yen                          | $\Delta 61.6\%$                     | 20.77                                | $\Delta 58.4\%$                     |

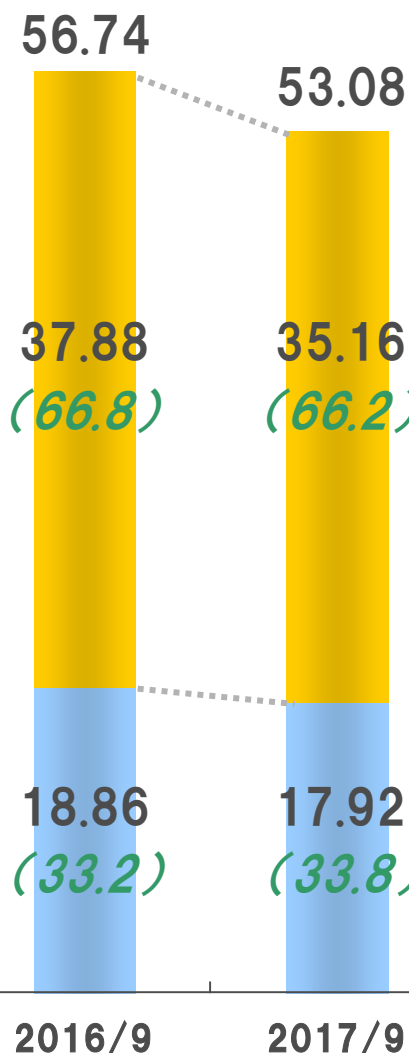
\* Previous Forecast: Announced May 9, 2017

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



**Net Sales**  
 $\Delta 3.66$  billion yen

- System Kitchens  $\Delta 3,490$  million yen
- System Bathrooms  $\Delta 620$  million yen
- Washstands/Vanities  $\Delta 110$  million yen etc.

**Cost of Sales**  
 $\Delta 2.72$  billion yen

- Decrease Due to Decreased Net Sales  $\Delta 2,440$  million yen
- Decrease Due to Decreased Cost of Sales Ratio  $\Delta 280$  million yen

**Cost of Sales Ratio**  
 $\Delta 0.6\%$

- Increase in S.S., CLEANLADY Cost Ratio + 0.60 point
- Increase in RAKUERA Cost of Sales Ratio + 0.03 point
- Decrease in System Bathrooms Cost of Sales Ratio  $\Delta 0.05$  point
- Supply segment  $\Delta 0.01$  point
- Influence of raw materials and others + 0.17 point etc.

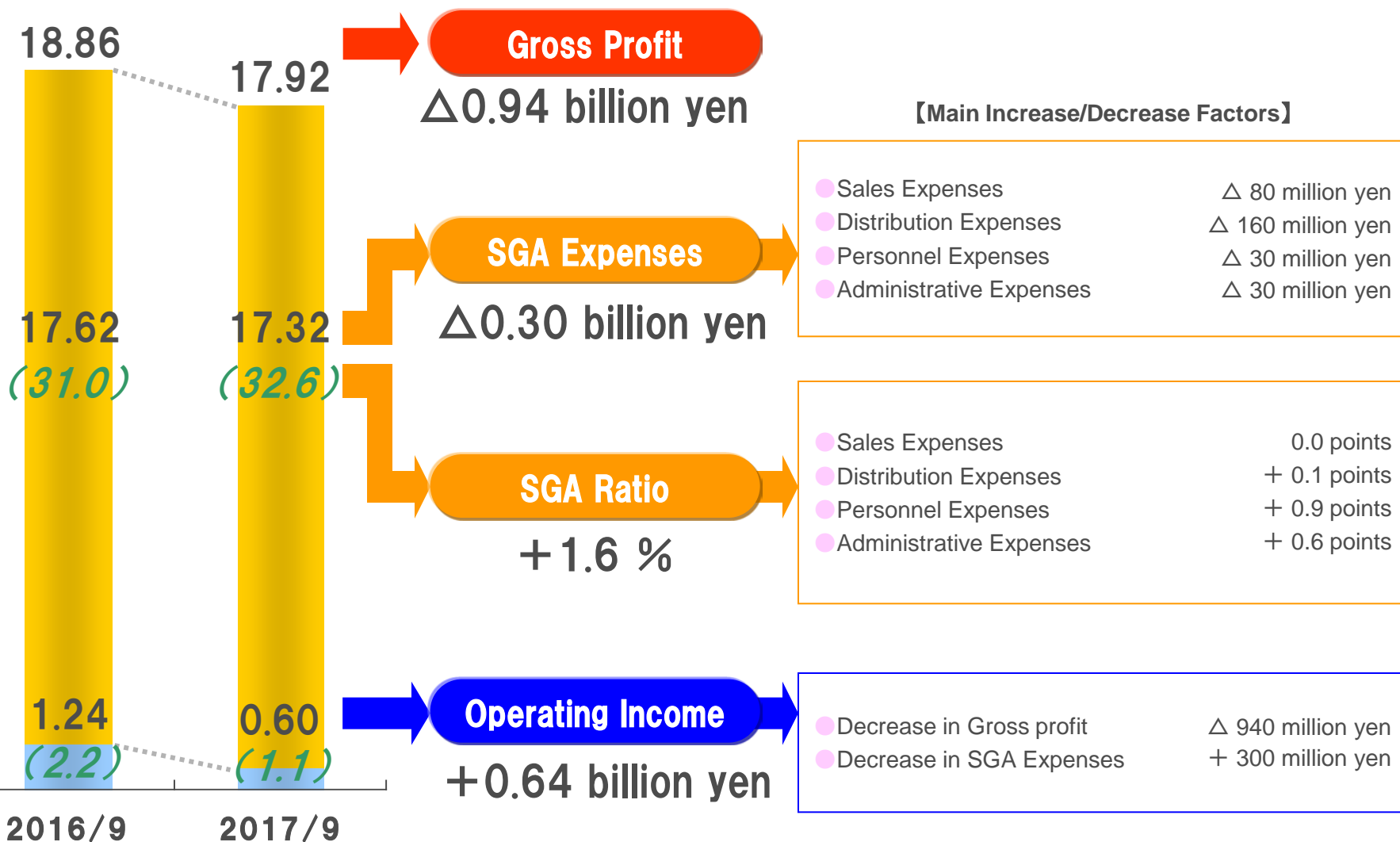
**Gross Profit**  
 $\Delta 0.94$  billion yen

- Decrease Due to Decreased in Net Sales  $\Delta 1,220$  million yen
- Increase in Gross Profit Ratio + 280 million yen

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

(Units: billions of yen)

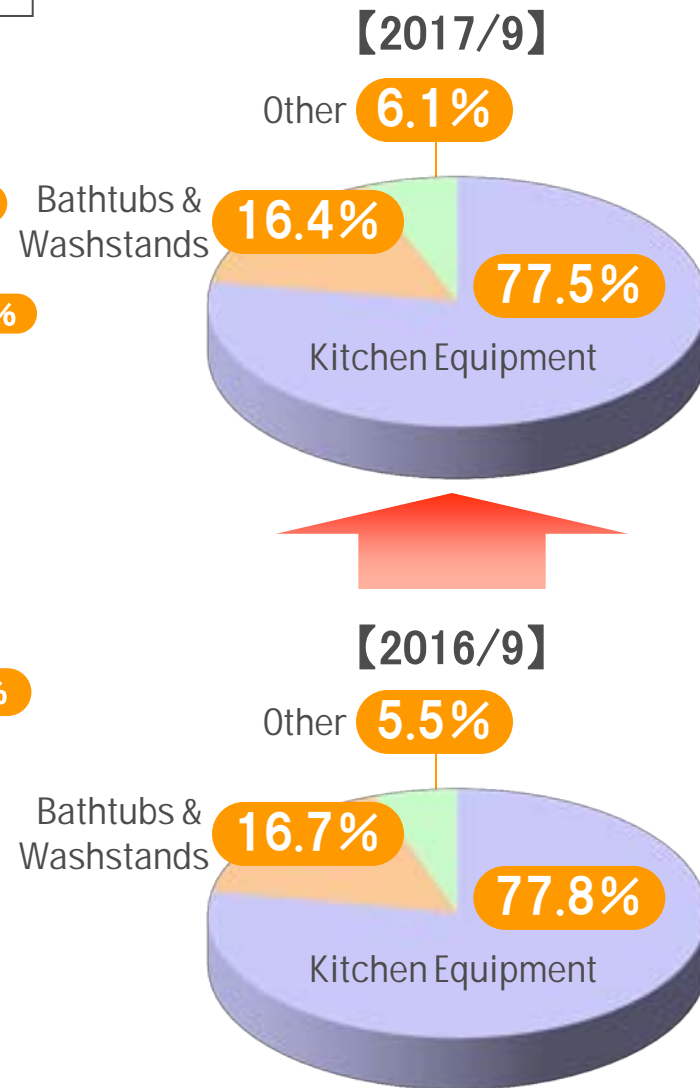
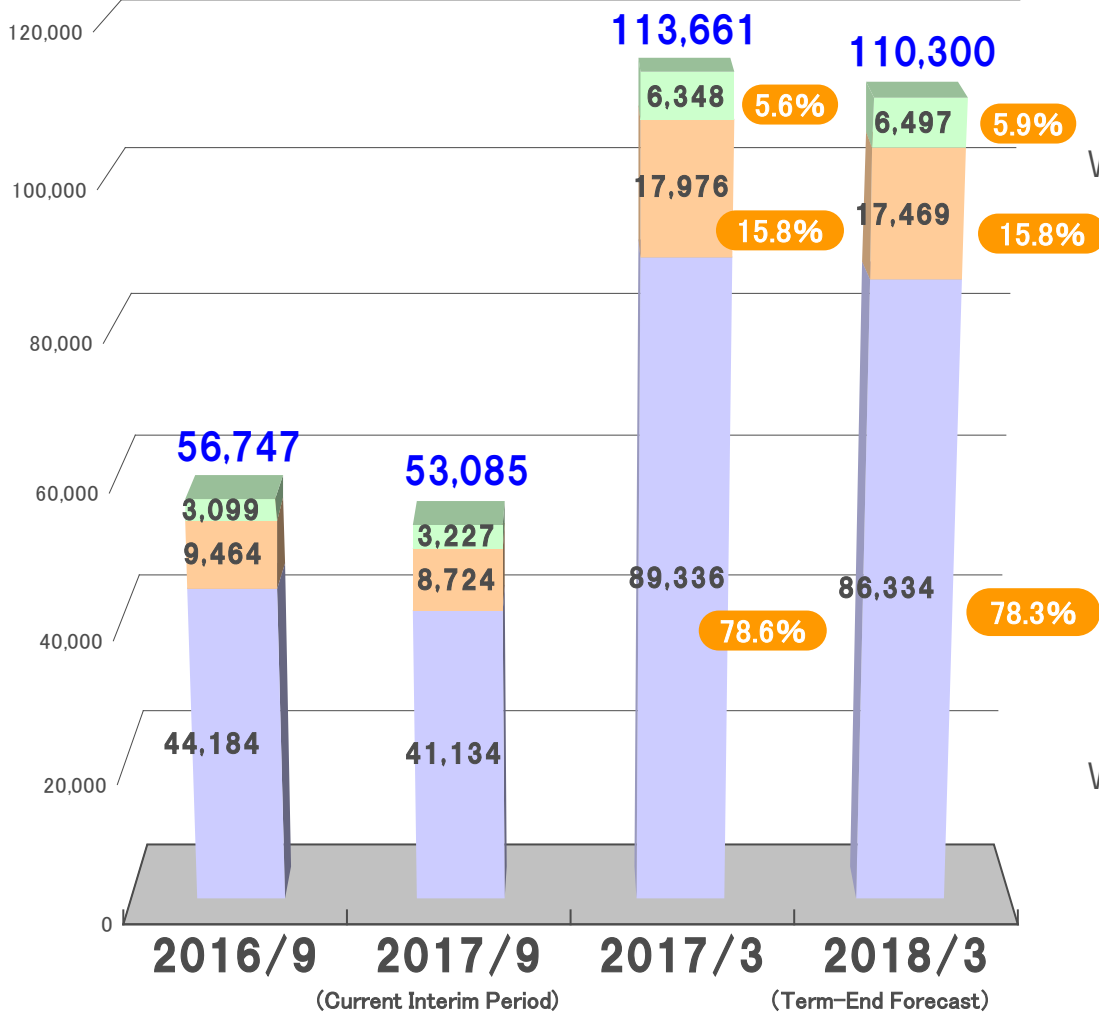
【Increased/Decreased Values (Rates)】



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

■ Kitchen Equipment   ■ Bathtubs & Washstands   ■ Other

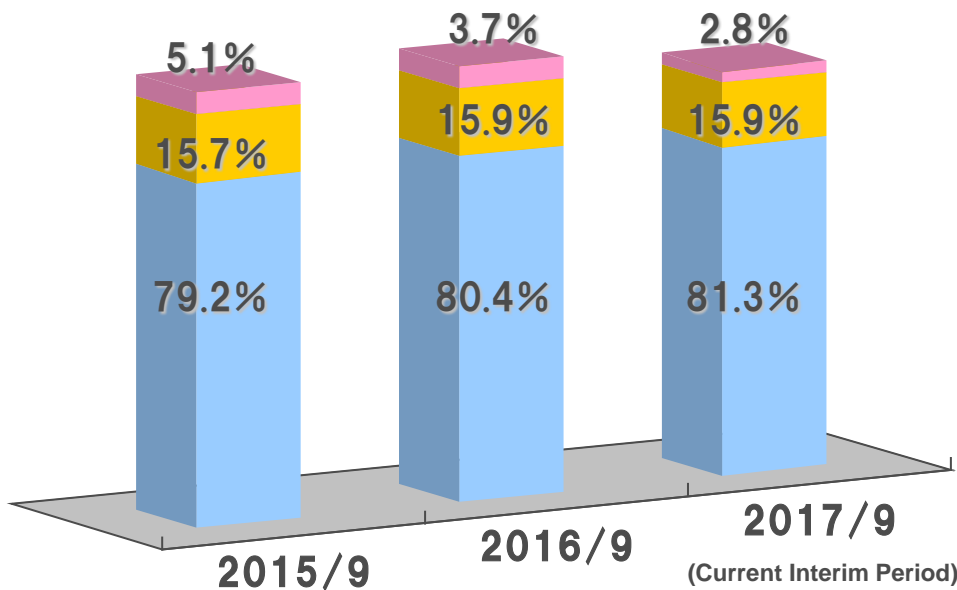
(Units: millions of yen)



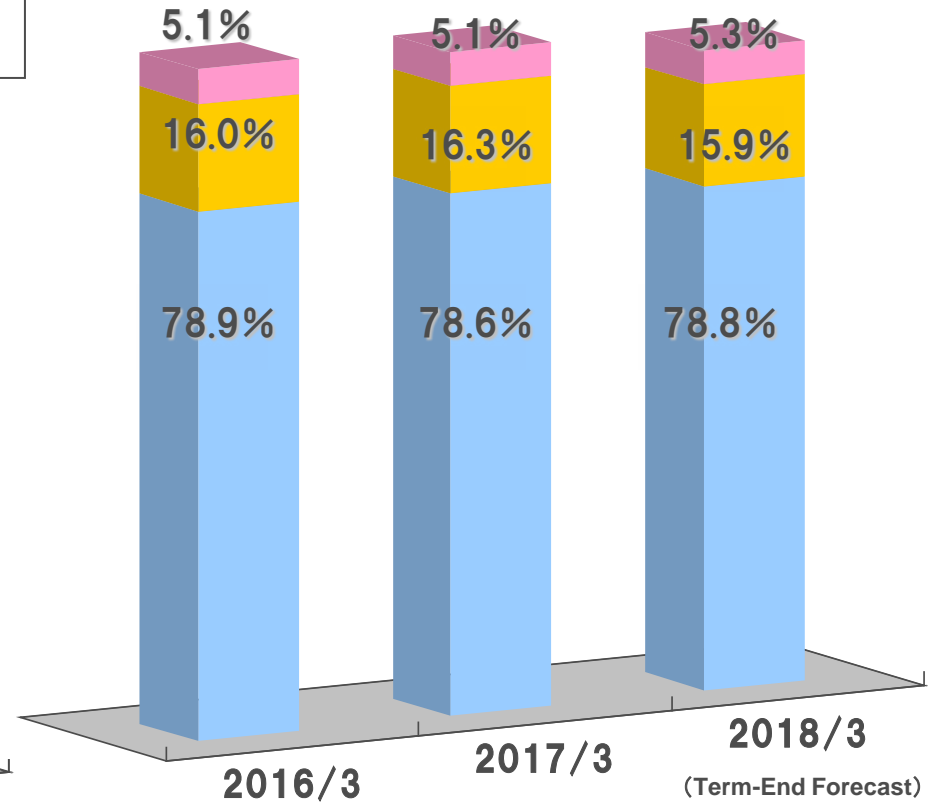
### 3. Sales Composition ② By Sales Route (Non-Consolidated)

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

【First-Half Base】

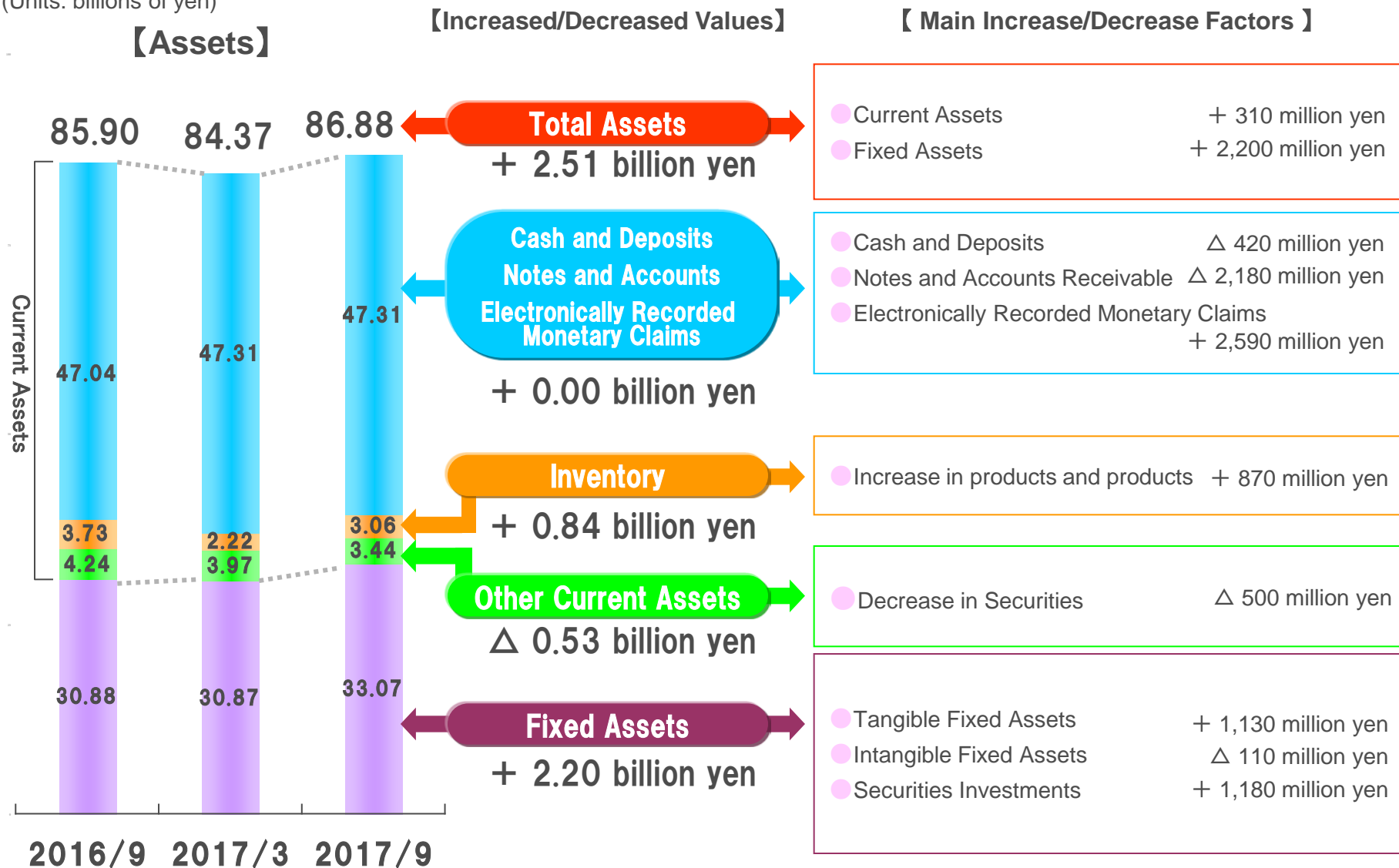


【Full-Term Base】



# 4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)



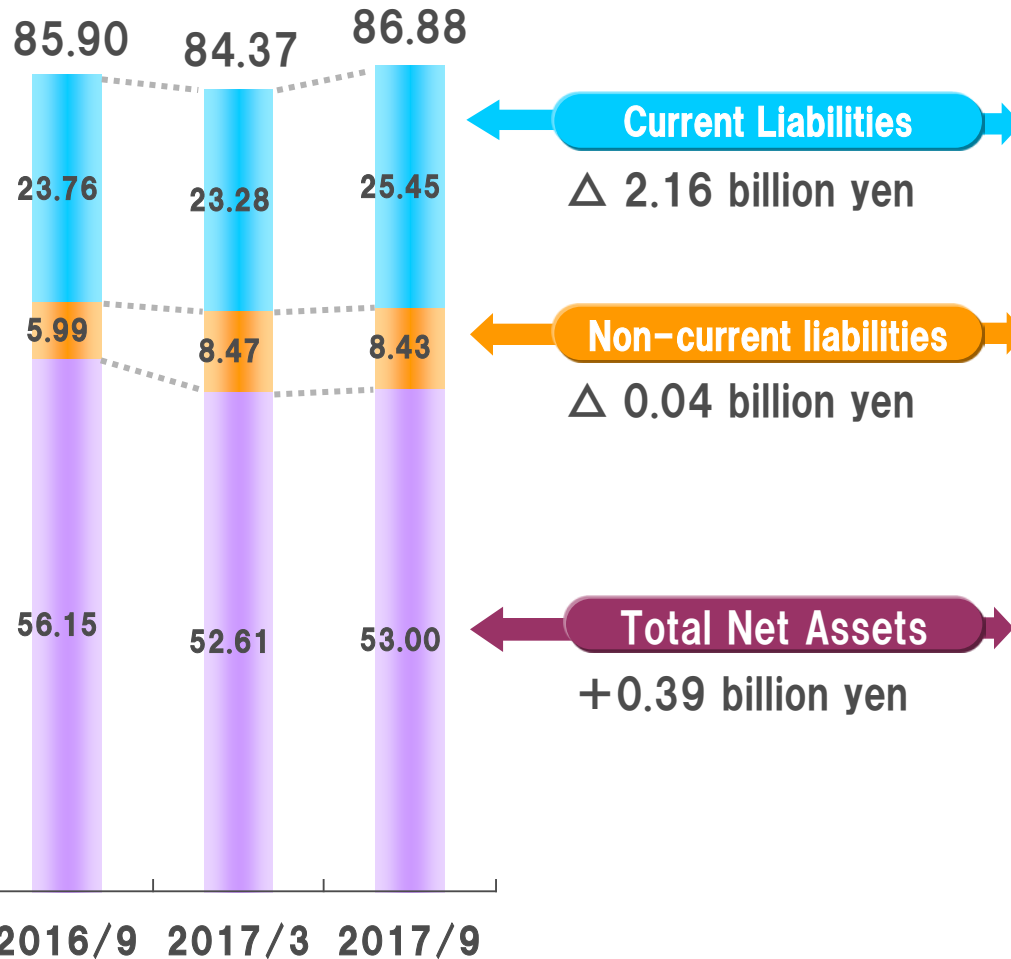


# 4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

## 【Liabilities・Minority Interests・Assets】

### 【 Increased/Decreased Values 】



## 【Primary Reasons for Increase/Decrease】

- Short-term Borrowing + 1,470 million yen
- Electronically recorded obligations - operating + 860 million yen
- Accounts Payable-Trade △ 280 million yen

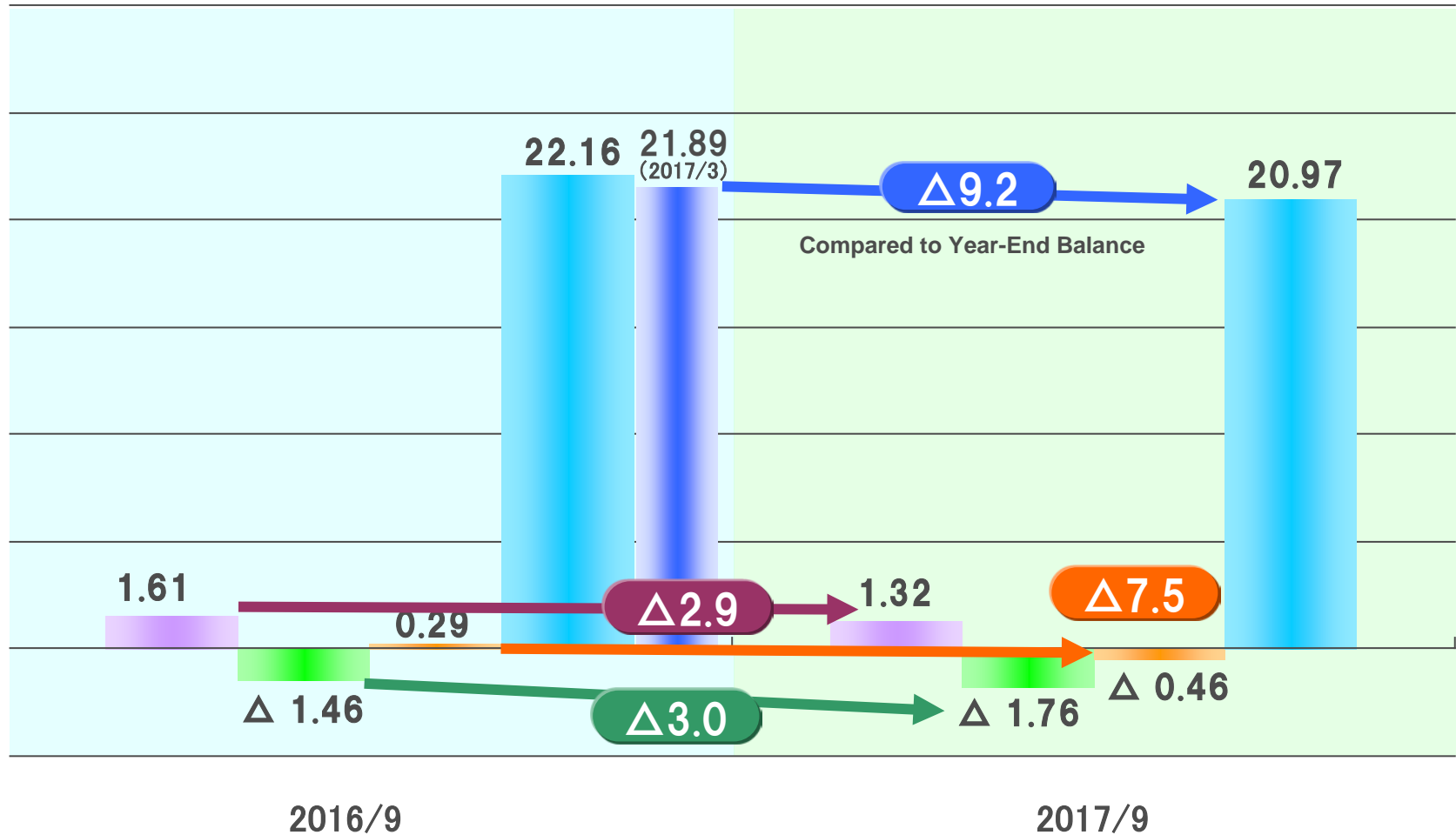
- Lease obligations + 1,330 million yen
- Long-term Borrowing △ 1,460 million yen

- Interim Net Income + 310 million yen
- Dividends △ 360 million yen
- Increase in Valuation difference on available-for-sale securities + 420 million yen

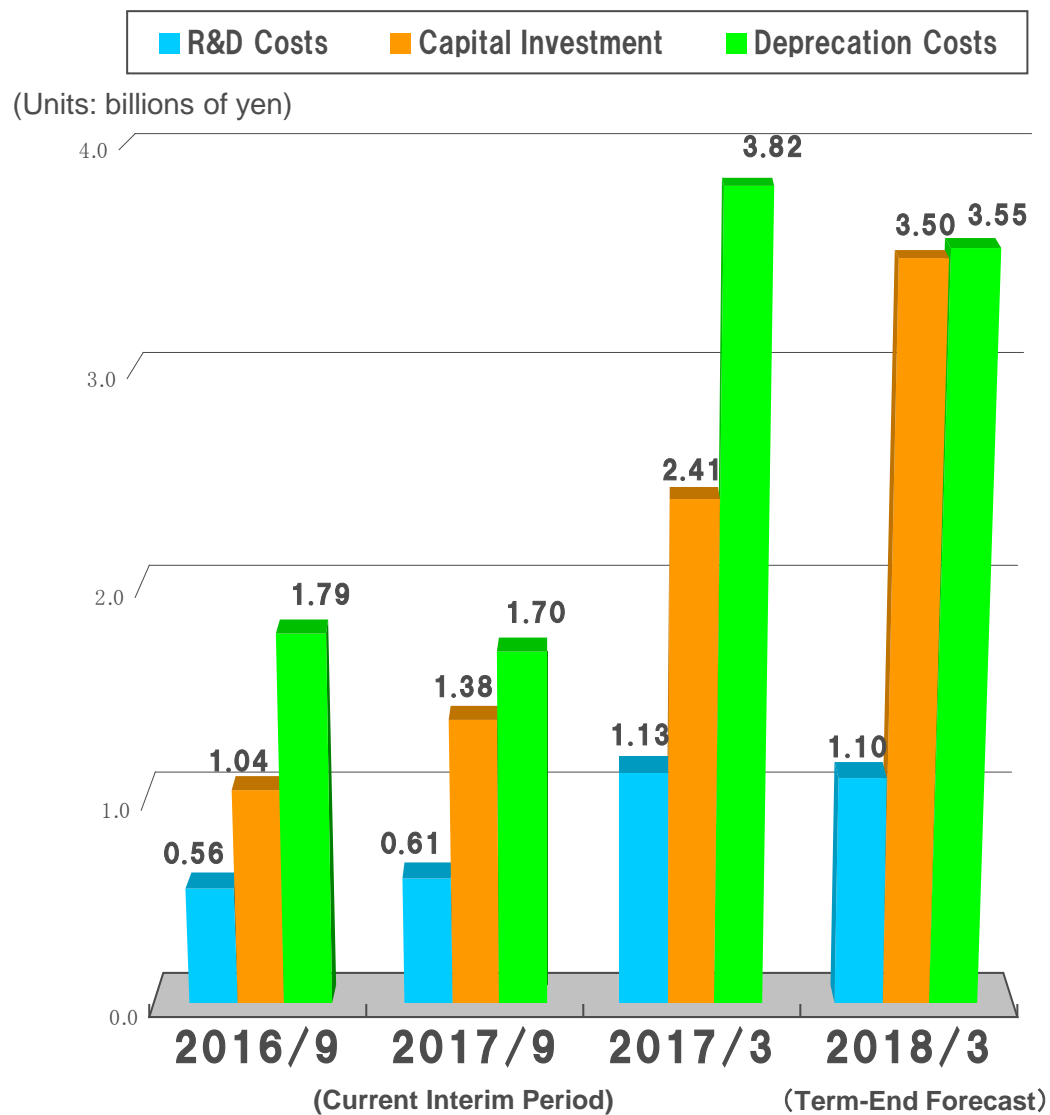
# 5. Consolidated Cash Flow Statement Summary

(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)



## 【FY2017 Major Capital Investment Details】

### First-Half Results

- ① Production Equipment      600 million yen
- ② Showroom Renovation      380 million yen
- ③ Information Investment      360 million yen
- ④ Others                              40 million yen

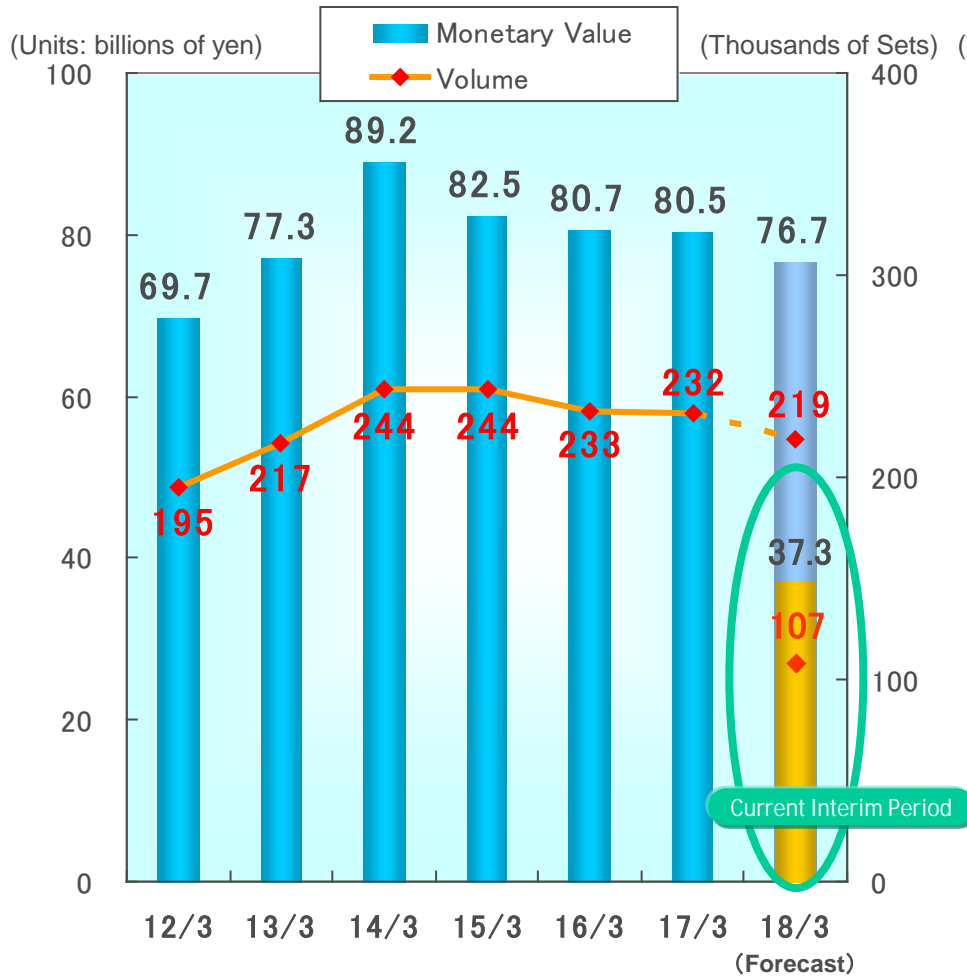
### Second-Half Plans

- ① Production-Related      800 million yen
- ② Operations-Related      690 million yen
- ③ Information-Related      520 million yen
- ④ Others                              110 million yen

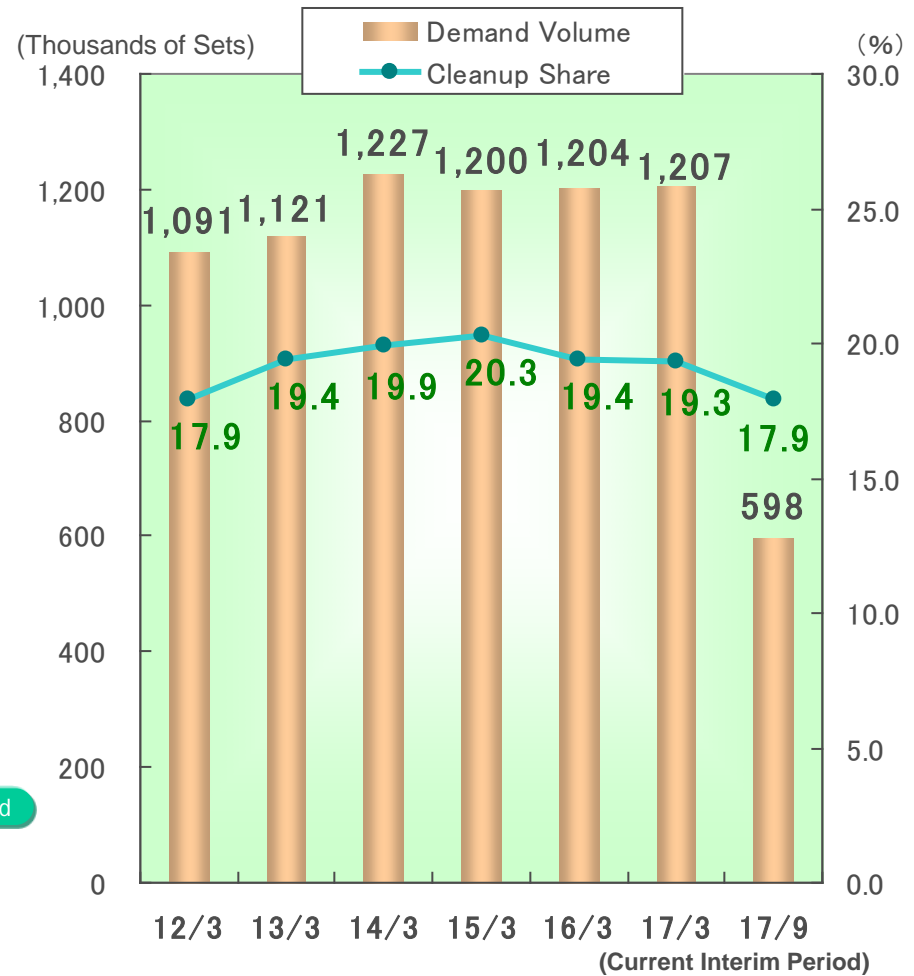
# 7. Sales Results For Major Products and Cleanup Market Share - 1/3



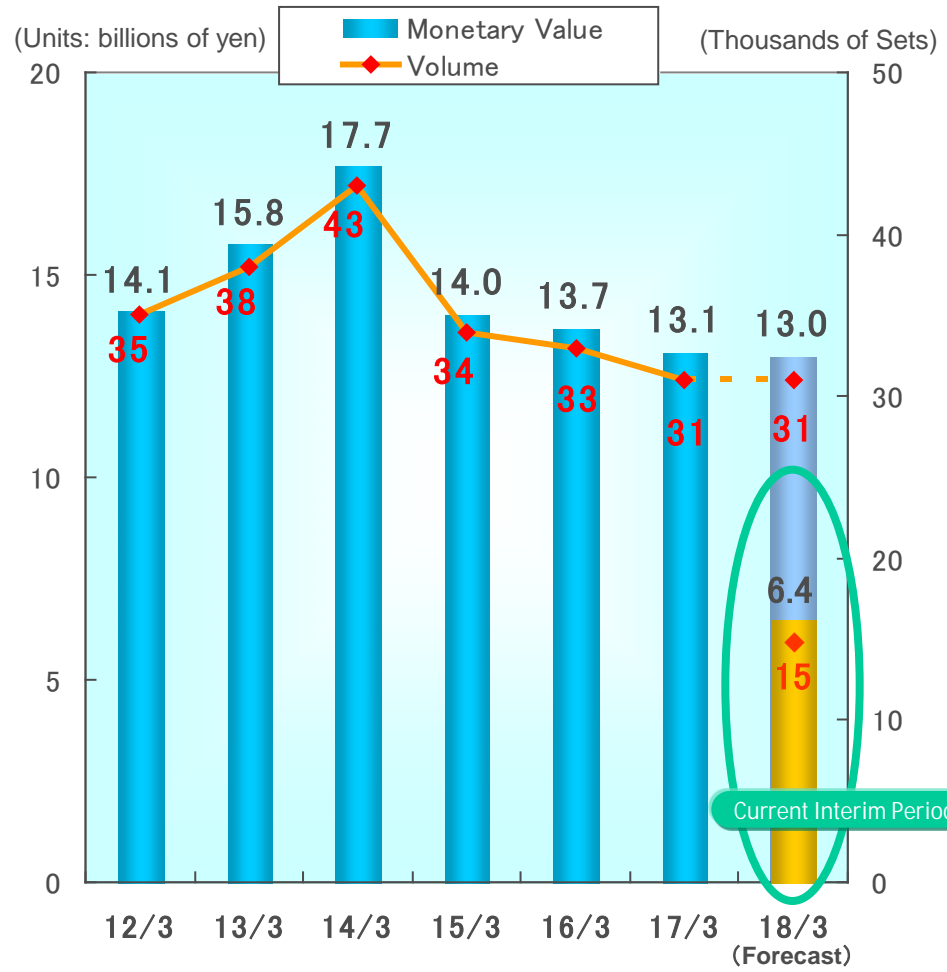
## Complete System Kitchen Sales Results



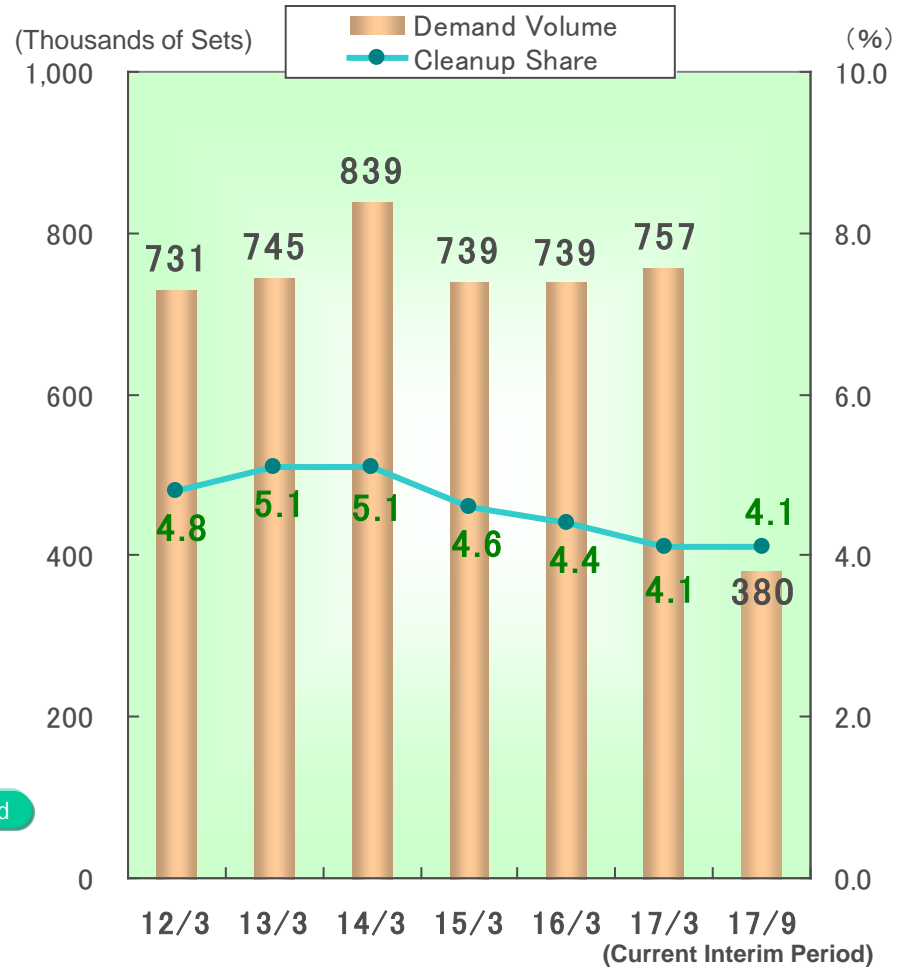
## Demand Trends and Market Share



## Modular System Bathroom Sales Results

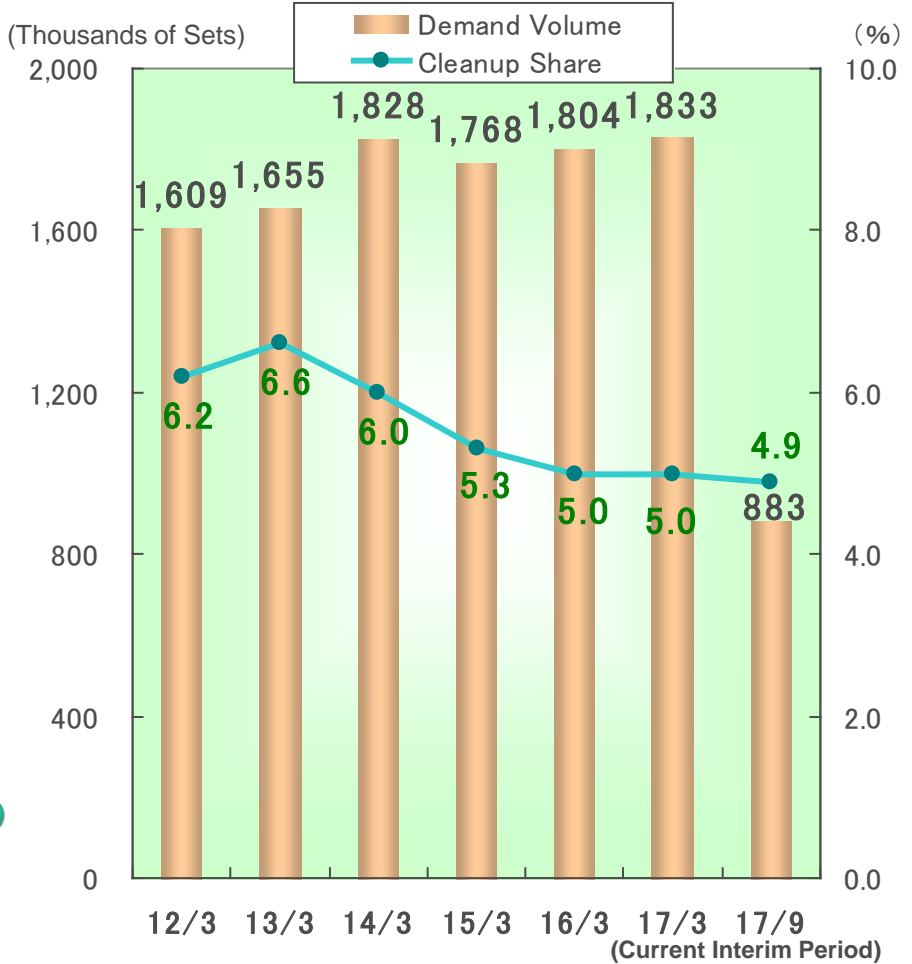
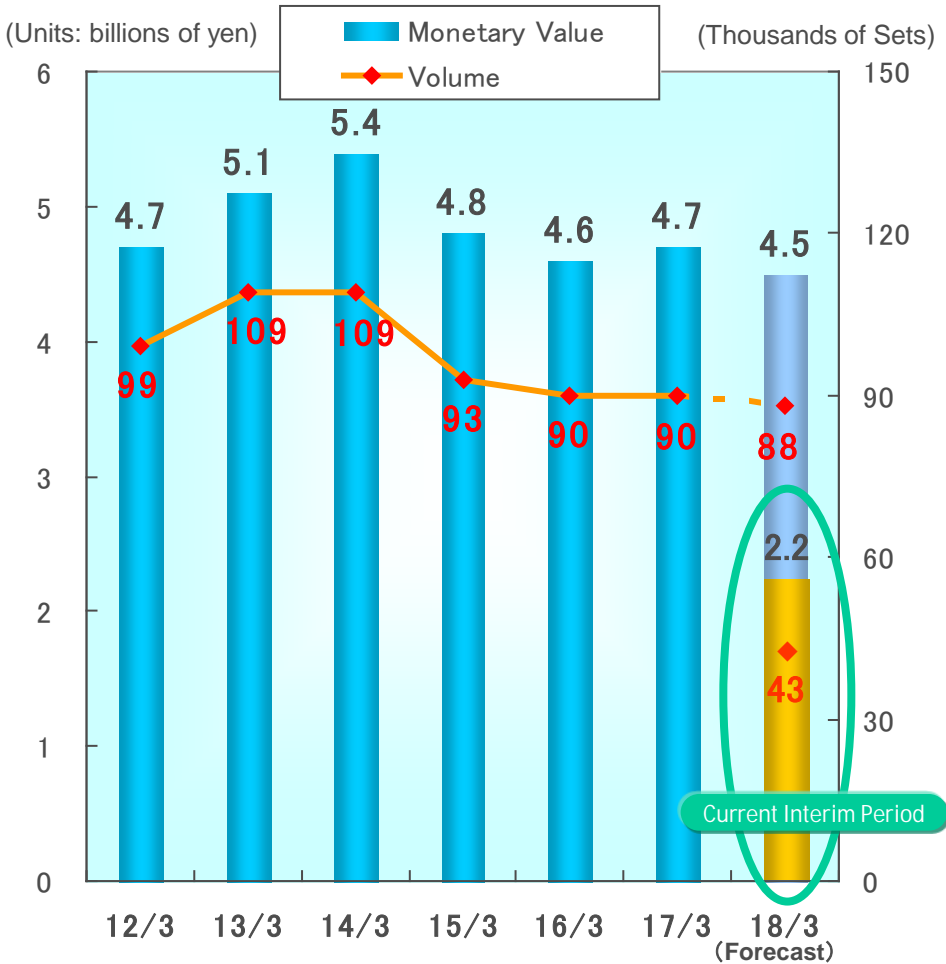


## Demand Trends and Market Share



## Washstands/Vanities

## Demand Trends and Market Share



## 8. Forecasted Consolidated Results For The Period Ending March 2018

(Units: millions of yen)

|  | <b>2017/3</b><br>(Actual Results) | <b>2018/3</b><br>(Forecast) | <i>Change From<br/>Prev. Period</i> |
|--|-----------------------------------|-----------------------------|-------------------------------------|
| <b>Net Sales</b>                               | <b>113,661</b>                    | <b>110,300</b>              | <b>Δ3.0%</b>                        |
| <b>Operating Income</b>                        | <b>1,989</b>                      | <b>1,400</b>                | <b>Δ29.6%</b>                       |
| <b>Operating Margin</b>                        | <b>1.8%</b>                       | <b>1.3%</b>                 | —                                   |
| <b>Ordinary Income</b>                         | <b>1,795</b>                      | <b>1,300</b>                | <b>Δ27.6%</b>                       |
| <b>Ordinary Income Margin</b>                  | <b>1.6%</b>                       | <b>1.2%</b>                 | —                                   |
| <b>Profit attributable to owners of parent</b> | <b>1,339</b>                      | <b>700</b>                  | <b>Δ47.7%</b>                       |
| <b>Net Income Margin</b>                       | <b>1.2%</b>                       | <b>0.6%</b>                 | —                                   |

## II. Future Strategy

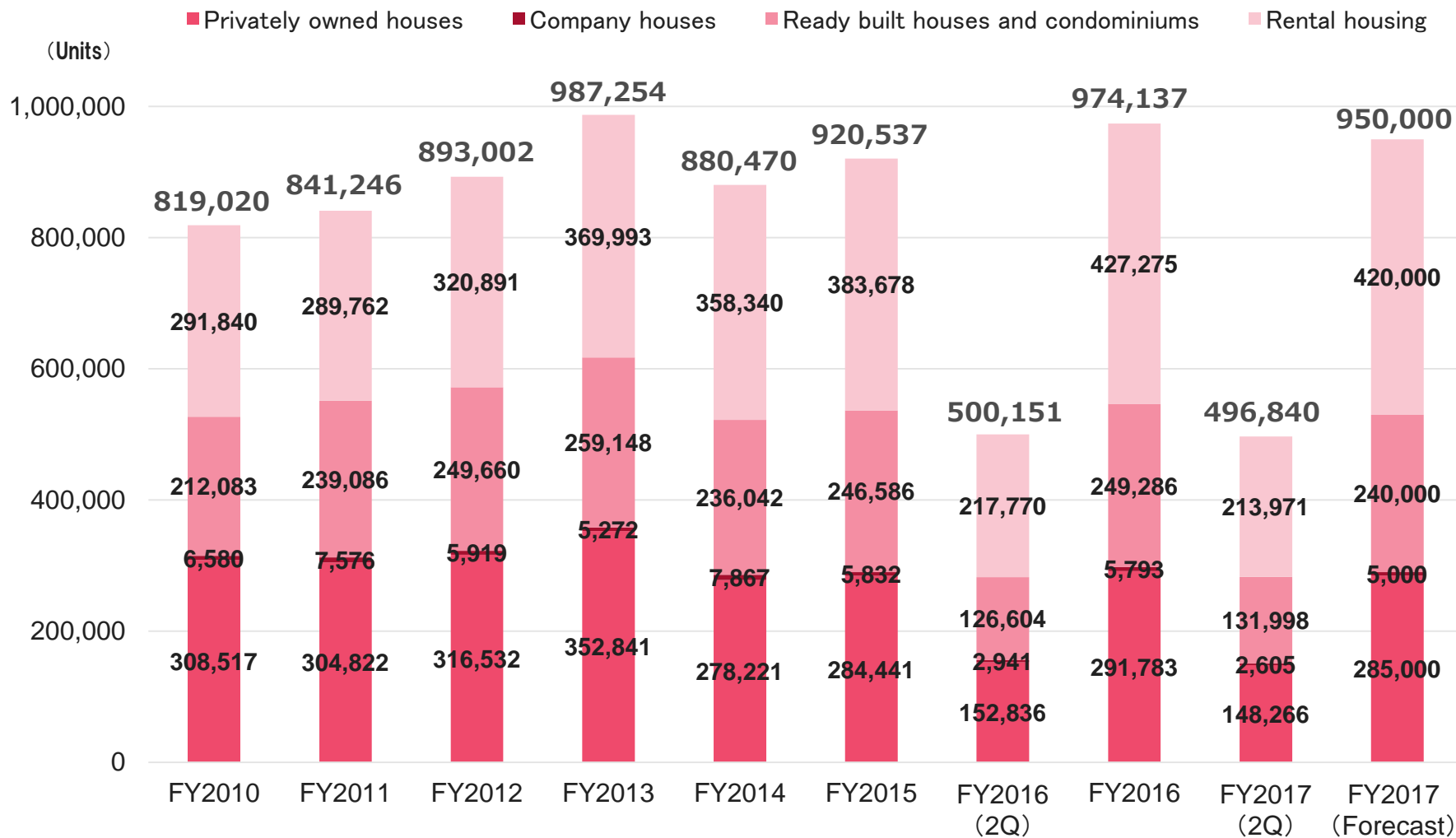
(Summary of Medium-Term Management Plan)



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



Rent increases became stagnant and 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.

Focused implementation of these activities

##### 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.

## 1) Enhance sales of medium to high end products

### Aim for ultrahigh quality market

Trading agreement concluded with the Italian premium kitchen manufacturer, Valcucine

#### [Main Plans for Current Fiscal Year]

- Open first showroom for Valcucine in Tokyo.
- Start dealing with Valcucine branded kitchens primarily in Tokyo Metropolitan area.

#### — Valcucine (Italy) —

- Founded in 1980 at Pordenone in Italy.
- Introduced premium kitchens targeting the wealthy class of people around the world.
- Renowned as an innovative yet environmentally considerate kitchen manufacturer.
- Sales offices at 54 sites around the world.



“Artematica”



#### Handled Product Series

We plan to provide two series, “Artematica” and “Genius Loci”, which are the main product series of Valcucine.



“Genius Loci”

### Aim for High Quality Market (Future Plans)

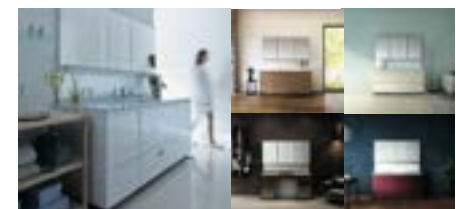
February 2018

Domestic sales are planned for new system kitchens and vanity washstands of a higher grade. Respond to a diverse range of needs with know-how of product development and proprietary technologies at Cleanup.

#### • System Kitchen



#### • Vanity Washstand



## 2) Develop products that have competitive advantage in renovation market ①

### New Compact Kitchen "Colty"

Innovative Trendy Door Colors



### New System Bathroom "Yuasis"

New Concept Storage Proposed for Bathrooms



## 2) Development of products that have competitive advantage in renovation market ②

Best Facility Selected by 400 Renovation Sales Persons and Planners

### “Renovation Awards Grand Prize for 2017”

Received Grand Prize three years in a row for all three grades of kitchen categories.

High grade price range



Medium grade price range

Stainless Cabinet Kitchen  
クリンレディ



Affordable grade price range

rakuera  
ラクエラ



Reasons behind support for kitchens from Cleanup

1

Uncompromising concern for stainless steel

2

Nagarail sink

3

Araail range hood

What are Renovation Awards...

(As described by Remodeling Business Journal)

Awards that recognize products selected by voting of renovation sales persons and planners. A survey is conducted once a year by the Remodeling Business Journal.

“Most desirable products for selling and most desirable renovation products for proposals” are selected. Points are derived using five rating levels, with products ranked and announced based on the number of points earned.

## 3) Promote sales strategies with showrooms at the core ①

### New projects

Established new **Urban type showroom** with focus on **condominium renovations**



Edogawa Showroom opened  
(September 15, 2017)

103rd Nationwide location



### Principal features

- Comprehensive proposal facilitates the imaging of life after renovation
- Installation of special exhibition to present image of single rooms in condominiums

## 3) Promote sales strategies with showrooms at the core ②

### Showroom Advisors to Wear License Badges

“Visualization” of knowledge from specialized manufacturer



Promote the acquisition of specialized knowledge by employees who offer customers value that can only be provided by a dedicated kitchen manufacturer.

License Badge that clearly indicates qualifications



#### List of Qualifications (As of the end of May 2017)

| Qualification name                 | Grade   | Number of qualified individuals | Purposes and description  | Color  |
|------------------------------------|---------|---------------------------------|---|--------|
| Kitchen Specialist                 | —       | 185 persons                     | Specialized knowledge gained to propose a configuration of the kitchen space that a customer truly desires, through collaboration with the customer.  | Orange |
| Sorting and Storing Advisor        | Grade 1 | 16 persons                      | The relevance of objects found within the living space is reconsidered to propose a more comfortable and abundant life.   | Pink   |
|                                    | Grade 2 | 325 persons                     |   | Blue   |
| Shokuiku Food Education Instructor | Grade 3 | 339 persons                     | An understanding of the importance of food education is gained, cooking skills are improved and practical food education is taught for daily lives to convey the significance of food education to people nearby. | Green  |

### 3. Specific Measures and Results

#### 4) Promote showroom visitors and develop corporate brand



Implementation of web promotions using the internet

##### The “Top Kitchen Selected by Renovation Professionals” Campaign



The web movie “Simple Tips from Remi Hirano - Variety Show for Cooking!”

Broadcasting web movies that go hand in hand with the campaign. Hugely talked about show that utilized Remi Hirano, the culinary expert.

The web is utilized to promote visitors to showrooms and a campaign is launched that takes consumers from the presentation of a planning proposal through to the contract signing.



Television adverts broadcast to develop corporate brand for medium to long term

##### New television advert “ART: Stainless” completed Nationwide broadcasting started in October

Our collaboration with world's top stainless steel art is achieved. Cutting edge and beautiful nature is expressed, as well as the strong material characteristics of stainless in an intuitive and dynamic manner.



“Cloud Gate”

Artist: Anish Kapoor

Exhibit location: Millennium Park in Chicago in the United States of America  
20 meter width, 10 meter height, 13 meter depth and about 100 ton weight  
Hybrid welding of stainless plates



## 1) Social, environmental and community contribution activities

### Environmental Activities

#### Social and Environmental Report 2017 issued with brand new content

Efforts to reduce the environmental burden and resolve environmental problems were introduced through activities.



Brand new content this fiscal year, with the addition of management ideology and social roles.



Products were introduced on our website and relevant leaflets were distributed at showrooms nationwide.

Issued October 2017  
Issuing division: CS Promotion Division

### Social Welfare Activities

#### Kitchen Seminar for disabled persons

The lest system kitchens and system baths were introduced to provide information for visually impaired persons.



The "Nagarail" with a sloped sink line, was verified by touch.



The introduction of a cleaning method for Araail Range Hood.

Venue: Cleanup Kitchen Town Tokyo  
Target: Approximately 60 visually impaired persons and care providers

### Restoration Assistance Activities

#### The "Saturday Learning" manufacturing plant tour at Iwaki City in Fukushima Prefecture

Children were invited to a factory tour with fabrication work sites and experiential learning.



Venue: Kashima System Factory  
Target: Fifth grade students at Iwaki City Yotsukura Elementary School