

Summary of Financial Results for the Fiscal Year Ending June 30, 2017

KeePer Technical Laboratory Co., Ltd.



KeePer Technical Laboratory Co., Ltd.
(Stock code: 6036) Industry category:
Services

Making a new car-wash culture in Japan

High-quality car wash and coating that appeal to the strong sense of aesthetics inherent among Japanese are part of the car beautification business spreading across Japan. Making cars more beautiful provides customers throughout Japan with happiness that we all share.

We will create a unique car wash culture in Japan with happy workplaces that instill pride at all shops throughout Japan involved in the car beautification business.

Simultaneously realizing customer satisfaction (CS) and employee satisfaction (ES).



Profit and Loss

Unit: Millions of yen

		Year ended June 30, 2016	Sales ratio	Year ended June 30, 2017	Sales ratio	YoY increase/ decrease	YoY increase/d ecrease (%)
Net sales		6,586		6,999		413	6.3%
	KeePer products, etc. Related business	4,335	65.8%	4,419	63.1%	84	1.9%
	KeePer LABO Managed business	2,250	34.1%	2,579	36.8%	330	14.6%
Operating income		815	12.3%	1,015	14.5%	200	24.5%
Ordinary income		813	12.3%	1,017	14.5%	204	25.1%
Net income		528	8.0%	649	9.2%	121	22.7%

During the fiscal period under review (July 1, 2016 to June 30, 2017), the Japanese economy continued to drift toward a gradual recovery. However, issues surrounding the UK vote to leave the EU and the impact of the US presidential election heightened uncertainties in overseas economies, prolonging unpredictable conditions with respect to future developments. Within this environment, the Company improved current performance by maintaining and raising to new heights the quality of KeePer coating provided to users and placed the highest importance on enhancing KeePer brand branding efforts aimed at realizing future developments.

Based on this policy, in KeePer product-related businesses, from February to April this year the Company conducted activities including KeePer technical contests with more than 3000 certified skillful participants enhancing technical capabilities. The Company also visited all KeePer PROSHOPS twice to confirm quality levels and that qualified technicians are all in place ahead of December, when demand for car washes and coating are the highest all year. Also, Winter KeePer Championships were held in December at all KeePer PROSHOPS among other proactive initiatives aimed at maintaining and improving the level of KeePer Coating skills throughout Japan.

In the KeePer LABO management business, the Company opened 16 new branches during this fiscal year and focused on the renovation of existing branches.

As a result of these efforts and with successful advertising and publicity, the cumulative results of the fiscal year were net sales of ¥6,999 million (up 6.3% YoY), operating income of ¥1,015 million (up 24.5% YoY) and ordinary income of ¥1,017 million (up 25.1% YoY). Net income was ¥649 million (up 22.7% YoY).

Balance Sheet

Unit: millions of yen

	As of June 30, 2016	Composition ratio	As of June 30, 2017	Composition ratio	Increase/decrease at end of previous fiscal year	Increase/decrease at end of previous fiscal year
Current assets	3,019	57.8%	2,881	49.7%	-138	-4.5%
Cash and deposits	1,695	32.4%	1,468	25.3%	-227	-13.3%
Notes and accounts receivable - trade	735	14.0%	738	12.7%	3	0.4%
Non-current assets	2,203	42.1%	2,907	50.2%	704	32.0%
Property, plant and equipment	1,790	34.2%	2,263	39.0%	473	26.4%
Investments and other assets	360	6.8%	575	9.9%	215	59.7%
Current liabilities	826	15.8%	1,170	20.2%	344	41.6%
Accounts payable-trade	155	2.9%	200	3.4%	45	29.0%
Non-current liabilities	683	13.0%	700	12.1%	17	2.6%
Net assets	3,712	71.0%	3,918	67.6%	206	5.5%
Shareholders' equity	3,711	71.0%	3,917	67.6%	206	5.5%
Total assets	5,222	100.0%	5,789	100.0%	567	10.8%

Cash flows

Unit: millions of yen

	Year ended June 30, 2016	Year ended June 30, 2017
Cash flows from operating activities	468	975
Cash flows from investing activities	-515	-894
Cash flows from financing activities	350	-308
Cash and cash equivalents, end of year	1,695	1,468

Note: In the year ended June 30, 2017, net cash provided by operating activities exceeded the net cash used in investing activities that increased significantly.

Profit/loss

Unit: millions of yen

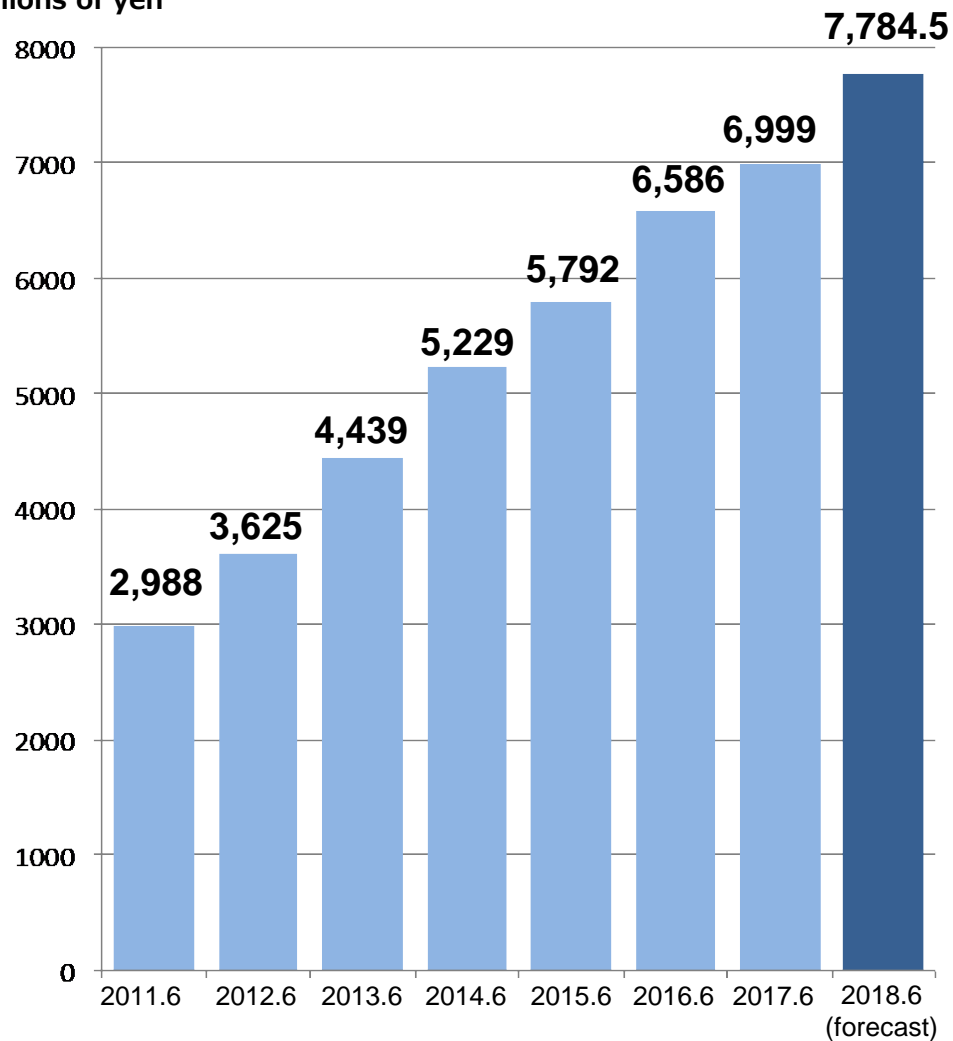
	Year ended June 30, 2017	Sales ratio	Year ending June 30, 2018	Sales ratio	YoY increase/ decrease	YoY increase /decrease (%)
Net sales	6,999		7,784		785	11.2%
Operating income	1,015	14.5%	1,100	14.1%	85	8.4%
Ordinary income	1,017	14.5%	1,102	14.1%	85	8.4%
Net income	649	9.2%	703	9.0%	54	8.4%

Full-Year Earnings Forecast for the Year Ending June 30, 2018



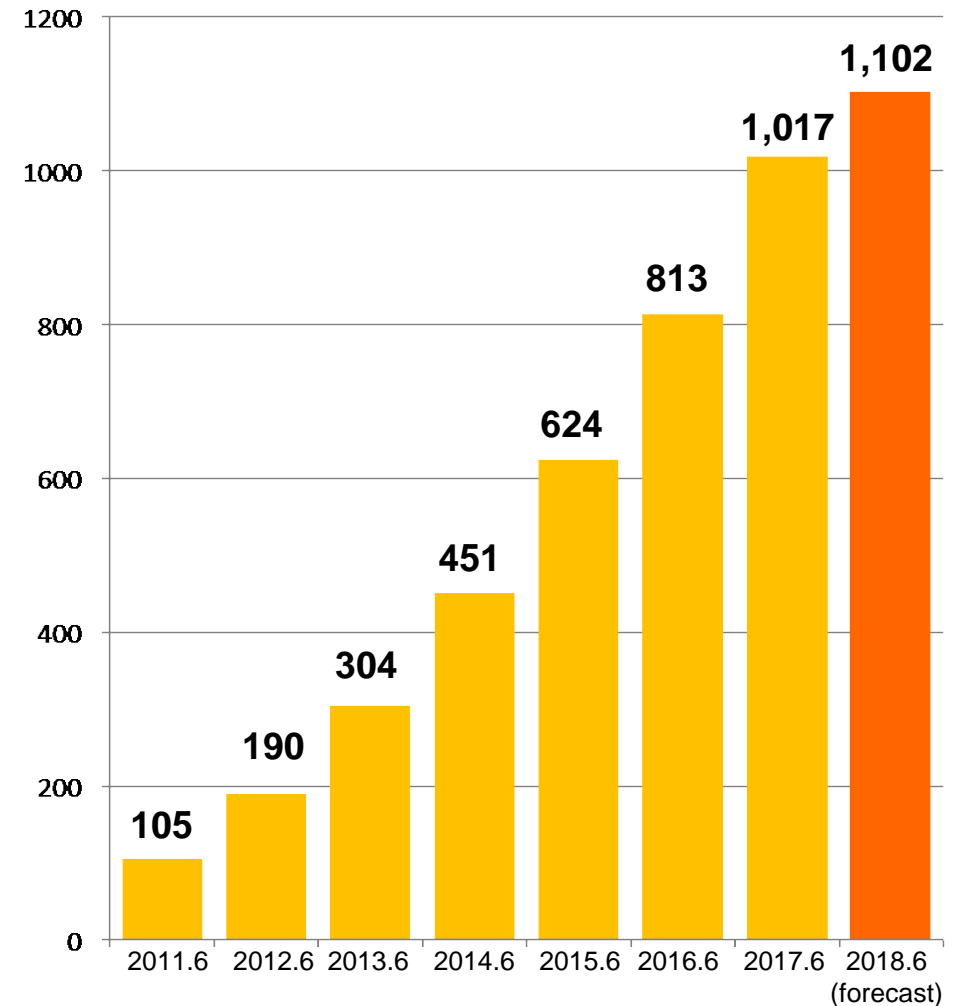
Net sales

Millions of yen



Ordinary income

Millions of yen



Indicators

Units: Yen/%

		Year ended June 30, 2017	Year ending June 30, 2018 (forecast)
Per share information	EPS	45.67	49.97
Operating indicator	Recurring profit margin	14.5%	14.1%
Financial indicator	ROE	17.0%	—

(Notes)

1. On July 1, 2017, the Company executed a 2-for-1 stock split of common shares. Profit per share is calculated assuming the said stock split was conducted at the beginning of the current fiscal year.
2. ROE for the year ended June 30, 2017 is calculated by dividing net income by average equity of beginning and end of the current fiscal year, and we do not disclose the indicator for the year ending June 30, 2018.

【Medium-term Targets】

Targets for the fiscal year ending June 30, 2019

KeePer LABO (directly managed)

Open 24 new branches in fiscal year ending June 30, 2018

Open 24 new branches in fiscal year ending June 30, 2019

KeePer LABO existing branch sales Maintain 105% or higher YoY

Establish KeePer brand

Recurring profit margin against sales Maintain at or above 10%

【Priority Measures】

KeePer LABO Management Business

- Strengthen new branch openings

KeePer Product-Related Businesses

- Expand KeePer technical training infrastructure and enhance instructors
- Develop promotion activities using video
- Improve existing chemical products and develop new products

■ KeePer LABO and KeePer PROSHOP Relationship of Co-Existence

- Among customers who receive first service at KeePer LABO, many (approximately 50%) receive their second and subsequent service at a nearby convenient KeePer PROSHOP.
- The proactive opening of KeePer LABO branches significantly contribute to invigorating KeePer product-related businesses.

■ Innumerable KeePer PROSHOP signs and shopfront sales raise awareness of KeePer. This is a huge plus for KeePer LABO.

- At KeePer PROSHOPS across Japan, sales are conducted using signage, in-store flyers and pamphlets that raise awareness about KeePer and are a huge plus for KeePer LABO management.

■ Synergies Between KeePer LABO management business and KeePer product-related businesses

- As indicated above, there is a relationship of co-existence and co-prosperity between KeePer LABO and KeePer PROSHOPS, which create synergies that are on of the Company's strengths.

☐ Basic policy on profit distribution

- Our basic policy is to strengthen our corporate structure and expand internal reserves for future business development while continuing to provide dividends in accordance with business performance.
- With regard to internal reserve capital, we will make an effort to maintain and improve the level of our dividend to shareholders over the long term, making use of the strength of our financial structure to expand business.
- In line with the above policy, we aim to pay a dividend payout ratio of 20% to clearly indicate the importance we place on returning profits to shareholders.

☐ Dividend Forecast

- In light of the above policy, in the fiscal year ending June 30, 2018, we plan to pay a full-year dividend of 10.0 yen per share, an increase of 0.5 yen per share over the full-year dividend of 9.5 yen paid in the fiscal year ended June 30, 2017.
- On July 1, 2017, the Company executed a 2-for-1 stock split of common shares. The actual dividend for the year ended June 30, 2017 before the stock split is 19.0 yen.

	End of second quarter	Fiscal year end	Full-year	Dividend payout ratio
Year ending June 30, 2018 (plan)	—	10.0yen	10.0yen	20.0%
Year ended June 30, 2017	—	9.5yen	9.5yen	20.8%

• Shareholders' Benefit Program

- The aim of this program is to show our appreciation for the daily support of our customers and heighten the appeal of our stock to encourage as many people as possible to hold Company shares over the medium- to long-term.
- We present gift card that can be used at KeePer LABO (directly managed) branches across Japan.
- For shareholders who do not live near a KeePer LABO, we provide a Quo Card exchange program.
- The expiry date of the gift card is September 30, 2018.

Number of shares held	Benefit details	Exchange program
100 or more shares to 1,000 or fewer shares	20% off all KeePer LABO service products	¥3,000 Quo Card
1,000 or more shares to 2,000 or fewer shares	25% off all KeePer LABO service products	
2,000 or more shares to 10,000 or fewer shares	30% off all KeePer LABO service products	
10,000 or more shares	37% off all KeePer LABO service products	

Corporate Profile

Company Name	KeePer Technical Laboratory Co., Ltd.
Head Office	4-17 Yoshikawa-cho, Obu-city, Aichi Prefecture, Japan 474-0046 TEL: +81 562-45-5258
Sales Office (Training Center)	Sapporo, Sendai, Niigata, Tokyo, Yokohama, Nagoya, Osaka, Hiroshima, Fukuoka, Kagoshima
Number of KeePer LABO (directly managed)	57 in Japan (as of 7/31/2017)
Founded & Established	1985 & February 1993
Capital	1,345 millions of yen (as of 6/30/2017)
Employees	338 (excluding temporary employees, as of 6/30/ 2017)
Business	<ul style="list-style-type: none">• Development, manufacture and sale of car coatings, car washing chemicals and equipment, etc.• Development of “Keeper PROSHOP” certified car coating technology shops• Management of “Keeper LABO” car coating and car wash specialty shops

Precautions Regarding these Materials



- These materials were created to facilitate an understanding of current business conditions and are provided to investors for reference purposes.
- These materials contain forecasts related to the Company, future plans and management objectives. These forward-looking statements are current assumptions of future conditions. The Company cannot guarantee the accuracy of these assumptions. For a variety of reasons, actual performance may differ from the content herein.
- When making an investment, please do so at your own discretion.

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