



MonotaRO Co., Ltd.

Mar, 2011

1. Historical Perspective

1 – 1 Company profile



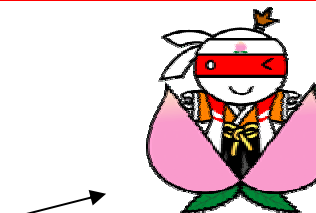
President and
CEO
Kinya Seto

Seto was shocked by rapid growth of "Amazon.com" during his stay in the U.S. , which made him to found MonotaRO.

MonotaRO Co., Ltd.

MonotaRO means

- 1) Maintenance, Repair & Operation
- 2) "The sufficient numbers of products" in Japanese
- 3) Fight with unfair old distribution system as "Monotaro"

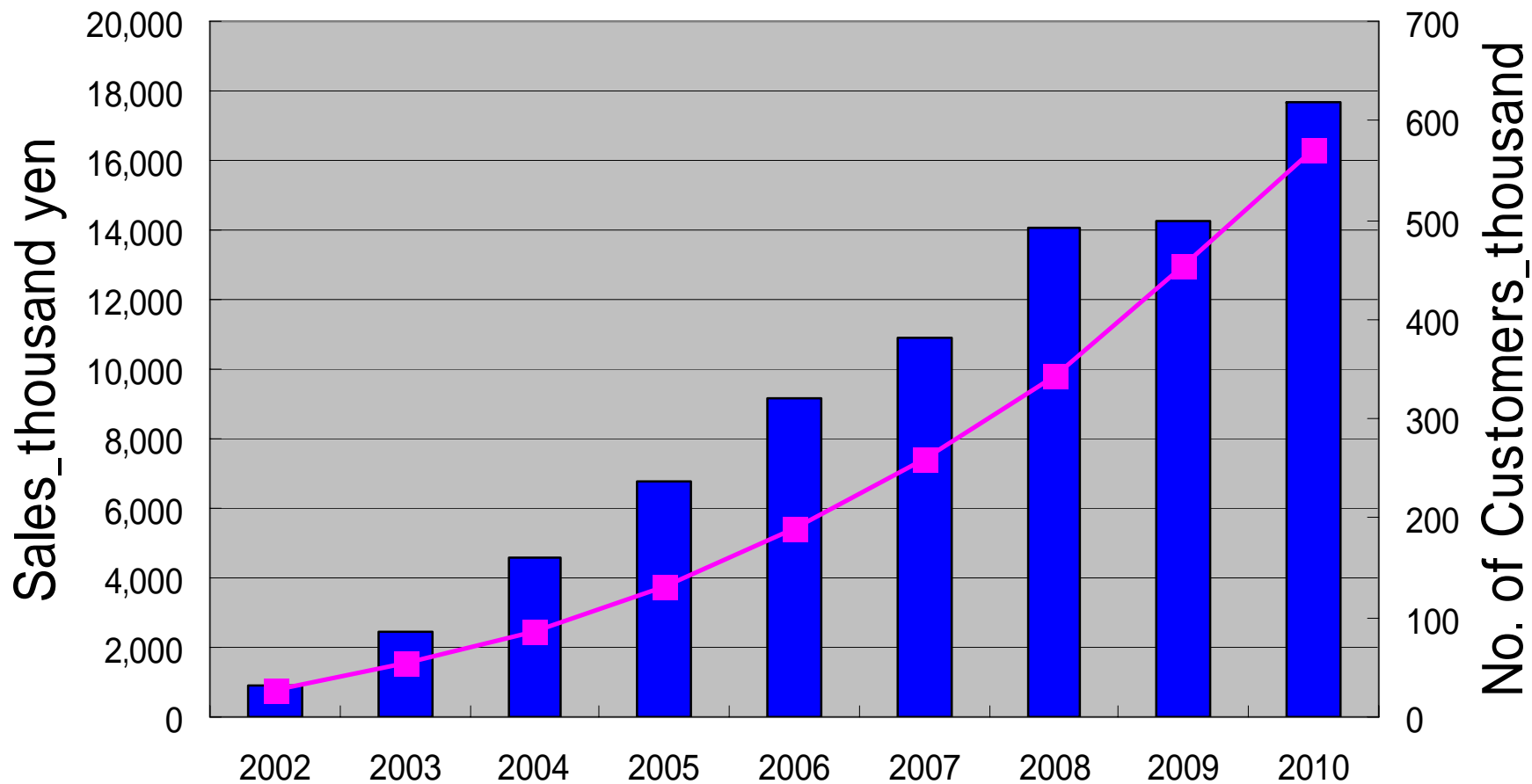


Overview: MonotaRO provides MRO products through Internet and catalogs, targeting small and mid-sized domestic manufacturing companies which aren't treated well by conventional tool retailers

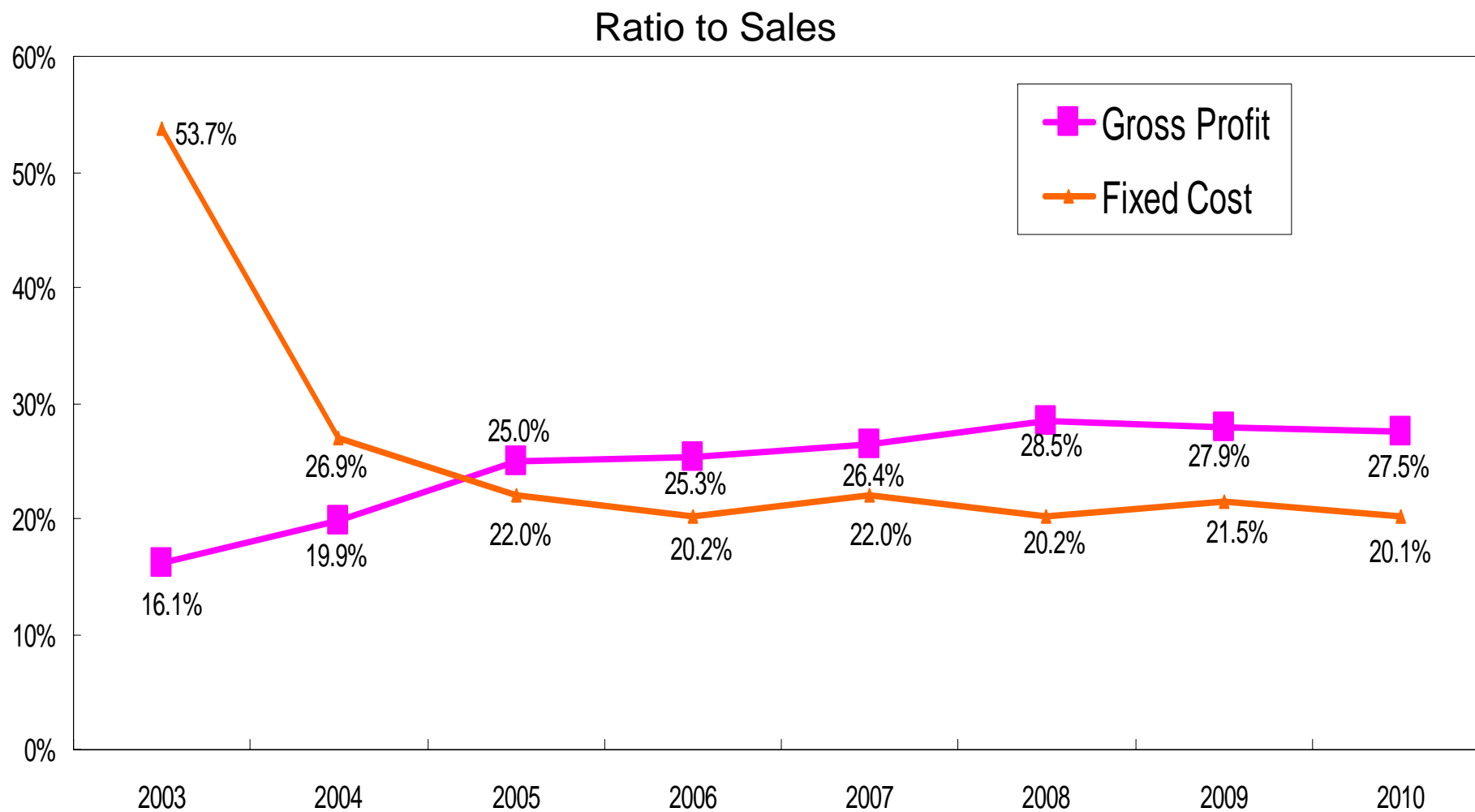
MRO products:	Cutting tools/Safety products/Bearings/Fasteners/ Industrial equipments (We sell more than 1,200,000 products)
# of customers:	570,000 and more throughout Japan
Date of foundation:	October 19, 2000
Full-scale operation start date:	November 13, 2001
Capital stock:	1.68 billion yen or 19.7 million dollars (1\$=85JPY)
# of employees:	355 (Dec,2010)
Address/Distribution base:	GLP Amagasaki 3F, Nishimukojima-cho, Amagasaki-city, Hyogo 660-0857
Stock Listing	TSE Class1 (Security code:3064)



1-2-1. Our Progress -Sales & Customers



1-2-2. Our Progress -Gross Profit & Fixed Cost



Data Mining (KXEN)

- Unlike SAS or SPSS, does not require statistical expertise
- Can take thousands of variables into account when creating a data model (vs. hundreds hand picked in SAS or SPSS)
 - > Allows Promotions 10x faster with similar accuracy

Campaign Management (Affinium)

- Automates email and FAX campaigns through APIs
- Integrates with KXEN to approach target customers
- Reports Effectiveness of each Campaign against Control Groups
 - > Allows Finer and Effective Promotions

1-3-2. Our Marketing

1. Customer Acquisition (10,000 accounts/month)
 - Sending Direct Mail Fliers and Faxes to Prospect Lists
 - Paid Search with Bid-Optimization Tool
2. Website
 - Recommendations and Personalized Content
3. Direct email Fliers and Faxes
 - Semi-Personalized Content
4. Direct Mail Flyers
 - Small Batches of On-Demand Printed Fliers with DTP
5. Catalog
 - Split Catalog into 6 this year for better targeting

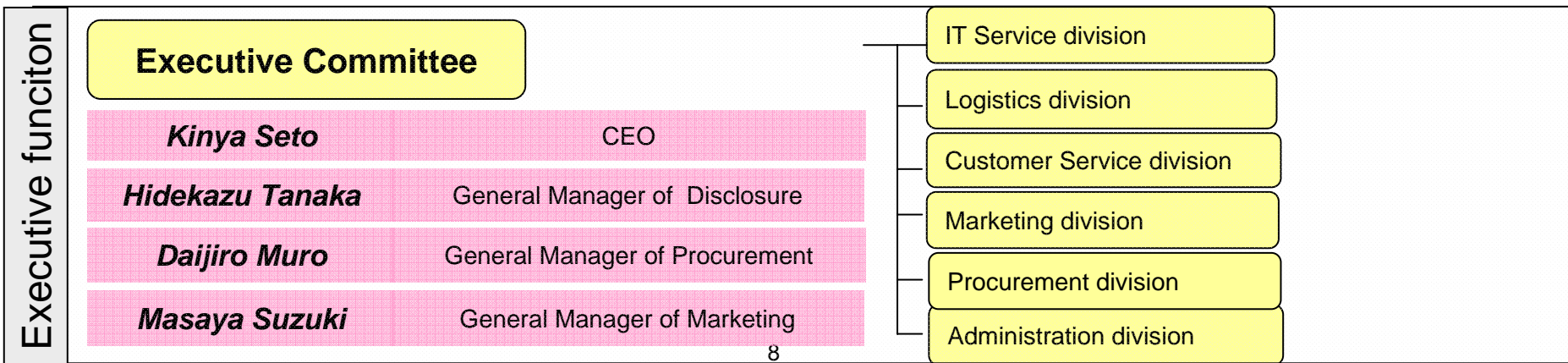
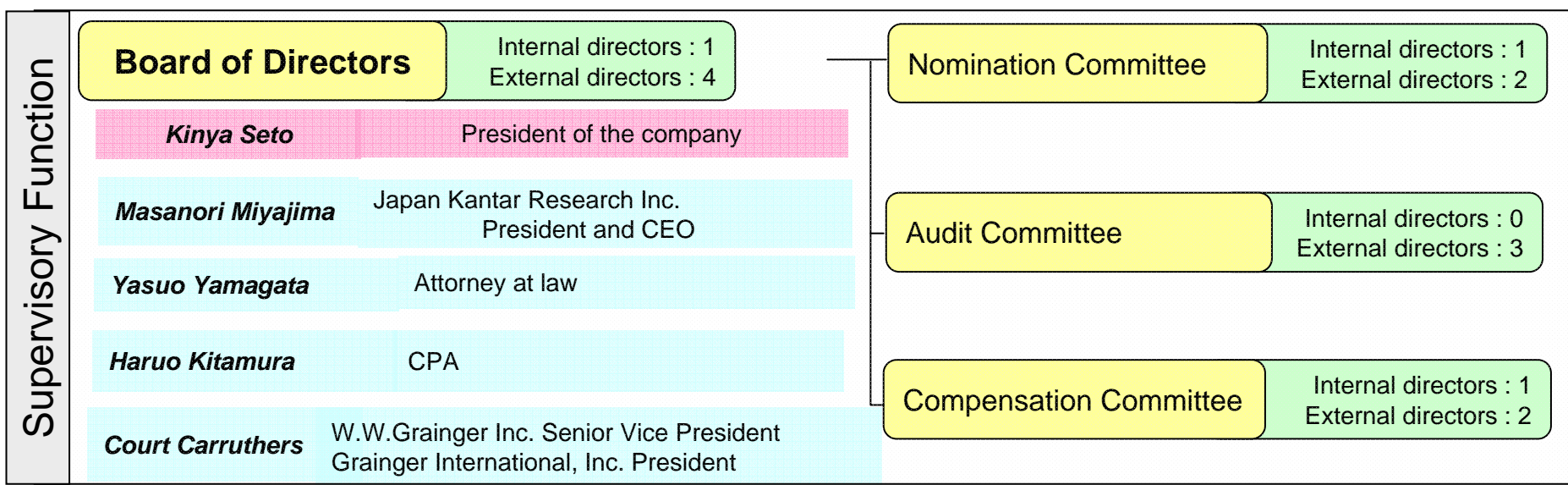


1-4 Corporate Governance

General Meeting Of Shareholders

name Internal Officer

name External Officer



2. MonotaRO's Strategic Plan

Background

1. Trend of Consumer Retail Giants
2. Change of MRO Business Paradigm
3. Nature of Industrial Private Brand

Opportunity

1. Very Low Penetration of Any Industrial Private Brand in Japan
2. Availability of Equivalent Quality/Low Cost Products in Overseas
3. Customer Data of the Past Purchase

Plan

1. Strong Emphasis on Trade Down
2. Addition of Second Tier Low Cost Private Brand
3. Special Small Booklet to Promote

2-2. Industrial Beachhead Strategy

1. 2002 Start with Mid to Small Manufacturing
 - Iron Works
 - Metal Working
 - Machine Assembly
2. 2008 Automotive After Market
3. 2009 Independent Contractor Market
 - Tools & Hardware
 - Plumbing & Electric Works
 - Household Durable Goods and Building Material
4. 2010 Laboratory Products to enter large account
5. 2011 Small Retail Customers

Common Market Concept: Under-Served Market

Advance One-to-one Marketing

- Look into Social-Network-Detection Technologies to find customer communities that share common purchasing patterns and to detect self-forming product sets to market to those communities.
- Use predictive modeling to assign new customers to communities. Accelerate customer growth by promoting products that more mature customers in their respective communities have bought.
- Further segmentation by increasing the number of catalog types (currently six catalogs)

2-4. IT Strategy with Advanced Agility

1. Open Source Policy

Integral System was built by our IT people using open source.

2. Cloud Computing

Ease server loads at peak hours

Gain instant scalability for new services

Move towards Service Oriented Architecture with Cloud-based APIs

3. Crowd Sourcing

- Access rare talent
- Distribute workload and accelerate project speed
- Secure our legacy system by isolating the scope of development using APIs

2-5. Financial Result of 2010

	2009		2010		
	Amount	Ratio to Sales	Amount	Ratio to Sales	Comparison to 2010
	Million Yen		Million Yen		
Sales	14,209	100.0%	17,685	100.0%	24.5%
Gross Profit	3,959	27.9%	4,869	27.5%	23.0%
Fixed Expense	3,048	21.5%	3,561	20.1%	16.8%
Sales Profit	910	6.4%	1,307	7.4%	43.6%
Current Profit	878	6.2%	1,325	7.5%	50.9%
Net Income	495	3.5%	752	4.3%	51.9%

2-6. Financial Forecast for 2011

	2010 Result		2011 Plan		
	Amount Million Yen	Ratio to Sales	Amount Million Yen	Ratio to Sales	Comparison to 2010
Sales	17,685	100.0%	20,548	100.0%	16.2%
Gross Profit	4,869	27.5%	5,671	27.6%	16.5%
Fixed Expense	3,561	20.1%	4,060	19.8%	14.0%
Sales Profit	1307	7.4%	1,611	7.8%	23.3%
Current Profit	1325	7.5%	1,604	7.8%	21.1%
Net Income	752	4.3%	900	4.4%	19.7%