

MonotaRO Co., Ltd.

FY 2011



1 – 1 Company profile

MonotaRO Co., I	_td.
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MonotaRO means

1) Maintenance, Repair & Operation

2) "The sufficient numbers of products" in Japanese

3) Fight with unfair old distribution system as "Momotaro"

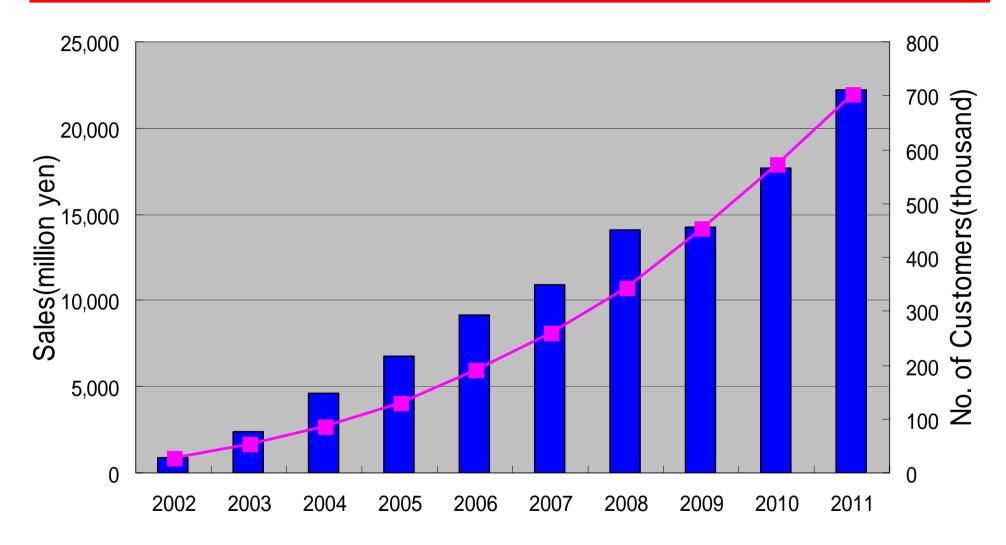


Overview: MonotaRO provides MRO products through Internet and catalogs, targeting small and mid-sized domestic manufacturing companies which aren't treated well by conventional tool retailers

MRO products:	Cutting tools/Safety products/Bearings/Fasteners/ Industrial equipments (We sell more than 1,500,000 products)
# of customers:	703,000 and more throughout Japan
Date of foundation:	October 19, 20000
Full-scale operation start date:	November 13, 2001
Capital stock:	1.72 billion yen or 22.1 million dollars (1\$=78JPY)
# of employees:	416 (Dec.2011)
Address/Distribution base:	GLP Amagasaki 3F, Nishimukojima-cho, Amagasaki-city, Hyogo 660-0857
Stock Listing:	TSE Class1 (Security code:3064)

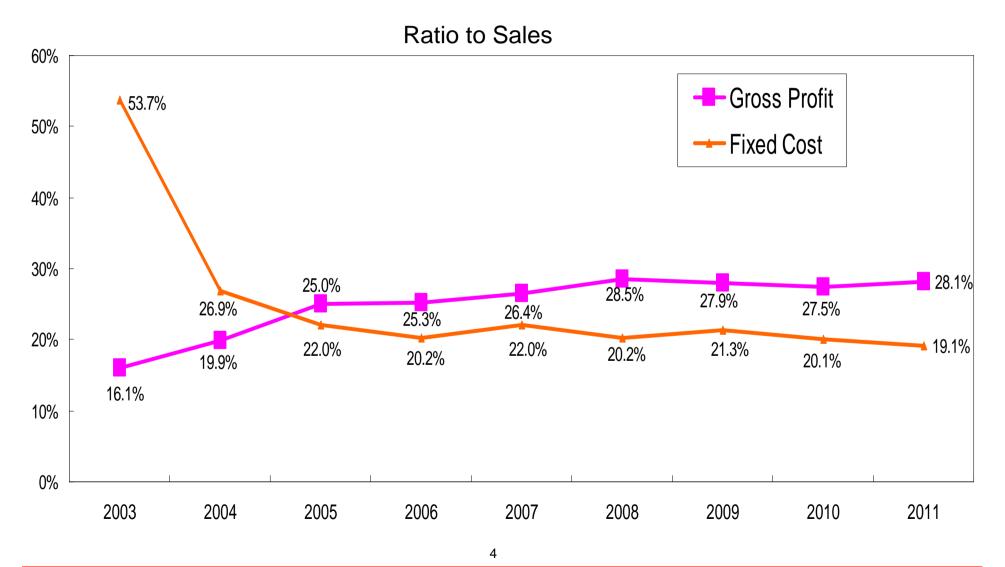


2-1. Our Progress -Sales & Customers



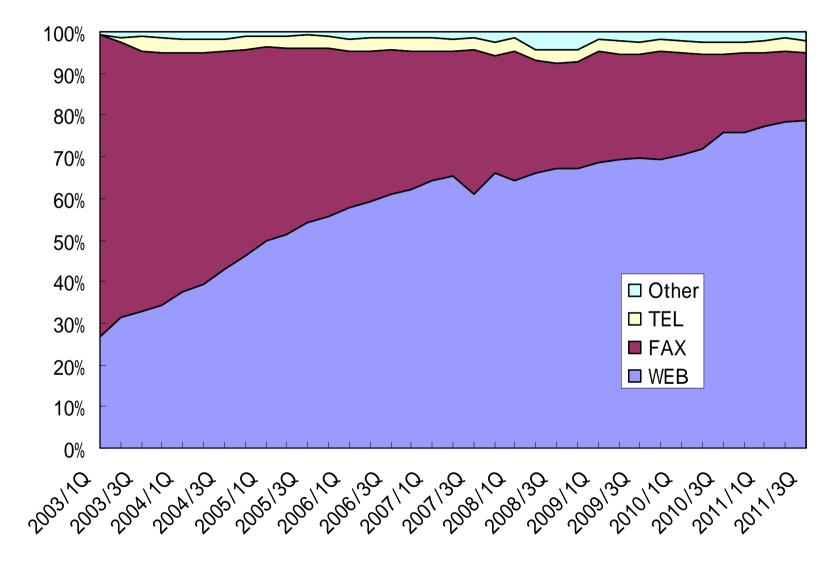


2-2. Our Progress - Gross Profit & Fixed Cost





3. Our Customer – Internet PO Ratio





4. 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 7 in 2011 for better targeting
- 6. Data Mining & Campaign Management Solution









- Direct Import Goods 18.3% of Sales
- Private Label Brand Goods 27.4% of Sales
- Direct Import and/or Private Label Brand 30.2% of Sales (FY2011)

Implication of Direct import and Private Label Brand Goods

- Higher Margin (by 25%)
- Lower Inventory Turnover
- Unique Competitive Advantage

Promotion Strategy

• Trade Down from National Brand.



6-1. Our Growth-

Industrial Beach Head 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

Found K-engine to provide building material to Mid to Small house builders.

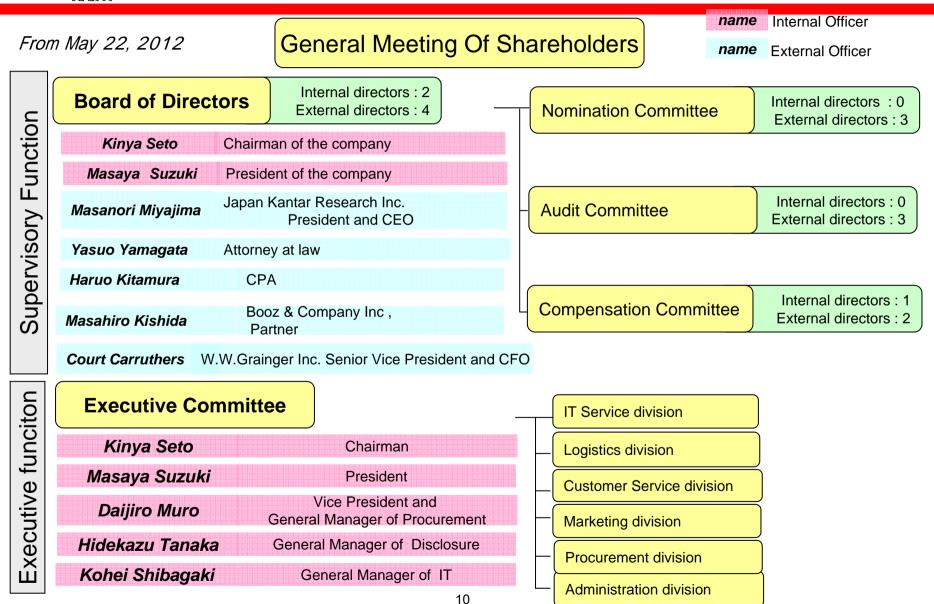
Common Market Concept: Under-Served Market



- 1. Private Label Brand
- 2. New Development of Data Mining
- 3. Trial of Inside Sales
- 4. Penetration to Large Corporation
- 5. More Availability of Products 80,000 SKU Inventory2 million SKU on line.



7. Corporate Governance





8-1. Financials FY2011 - Income Statement

	FY2010 (Non-consolidated)		FY2011		
			(Consolidated)		
	Amount (million)	Ratio to Sales	Amount (million)	Ratio to Sales	Comparison to 2010
Sales	17,685		22,239		25.7%
Gross Profit	4,869	27.5%	6,261	28.1%	28.6%
Fixed Expense	3,561	20.1%	4,251	19.1%	19.4%
Operating Income	1,307	7.4%	2,009	9.0%	53.7%
Ordinary Income	1,325	7.5%	2,045	9.2%	54.2%
Net Income	752	4.2%	1,148	5.2%	52.7%



8-2 Financials FY2011 - Balance Sheet

AmountRatioAmountImage: AmountAmountAmountImage: AmountSetsS,84186.9%AmountImage: AmountS,84186.9%AmountAmountImage: AmountImage: AmountImage: AmountImage: AmountAmountAssetsCash1,24018.4%Image: AmountAmountImage: AmountAccount Receivable2,23033.2%Image: AmountAmountImage: AmountImage: AmountImage: AmountImage: AmountImage: AmountImage: AmountFixed AssetsOthers667110.0%Image: AmountImage: AmountImage: AmountFixed AssetsImage: AmountImage: AmountImage: AmountImage: AmountImage: AmountImage: Amount AmountImage: Amount AmountImage: AmountImage: AmountImage: AmountImage: AmountImage: Amount Amo	(Million Yen)		DEC.2010		SEP.2011	
AssetsCash1,24018.4%1Account Receivable2,23033.2%33Inventory1,69925.3%333Others67110.0%10.0%33Fixed >>>88213.1%333Fixed >>>1622.4%333Intangible fixed assets1622.4%33Others013.307.9%33Others1892.8%3.4673.00%3Liabilities3,46751.6%333Liabilities3.4673.46751.6%33Liabilities3.43951.2%3.4673.484%3Net WorthPaid Capital1.6922.5.2%33Net WorthAdditional Paid-in Capital1.6922.5.2%3Image Additional Paid-in Capital1.6923.4673.467		,	Amount	Ratio	Amount	Ratio
AssetsAccount Receivable2,23033.2%4Inventory1,69925.3%44Inventory667110.0%44Fixed >>s888213.1%44Inagible fixed assets1622.4%44Intagible fixed assets1622.4%44Intagible fixed assets1622.4%44Intagible fixed assets1622.4%44Intagible fixed assets6.7307.9%44Intagible fixed assets6.723100.0%44Intagible fixed assets3.46751.6%44Intagible fixed assets3.44951.2%44Intagible fixed assets3.43951.2%44Intagible fixed fixed fixed fixed fixed fixed fixed fixed f		Current Assets	5,841	86.9%	8,044	88.9%
AssetsInventory1,69925.3%3AssetsOthers667110.0%10.0%10.0%Fixed >====================================		Cash	1,240	18.4%	1,519	16.8%
Assets Others 671 10.0% Fixed Assets 882 13.1% 10.0% Fixed Assets 882 13.1% 10.0% Imagible fixed assets 162 2.4% 10.0% Intangible fixed assets 530 7.9% 10.0% Others 189 2.8% 10.0% 10.0% Total Asset 6,723 100.0% 10.0% 10.0% Liabilities 3,467 51.6% 10.0% 10.0% Liabilities 0.167% 10.0% <		Account Receivable	2,230	33.2%	2,319	25.6%
Fixed Assets88213.1%Itangible fixed assets1622.4%Intangible fixed assets5307.9%Intangible fixed assets5307.9%Others1892.8%Others6,723100.0%Itabilities3,46751.6%Itabilities3,43951.2%Itabilities270.4%Itabilities3,25648.4%Itabilities1,69225.2%Itabilities1,69225.2%Itabilities1,12016.7%		Inventory	1,699	25.3%	2,931	32.4%
Itangible fixed assets 162 2.4% intangible fixed assets 162 2.4% intangible fixed assets 530 7.9% Others 189 2.8% Total Asset 6,723 100.0% Liabilities 3,467 51.6% Liabilities Current Liabilities 3,439 51.2% Liabilities 100 term Liabilities 0.4% 0.4% Net Worth Paid Capital 1,692 25.2% 0.4% Retained Earning 1,120 16.7% 0.4% 0.4%	ssets	Others	671	10.0%	1,273	14.1%
intangible fixed assets 530 $7.9%$ intangible fixed assets 530 $7.9%$ Others 189 $2.8%$ Total Assets $6,723$ $100.0%$ Liabilities $6,723$ $100.0%$ Liabilities $Current Liabilities$ $3,467$ $51.6%$ Liabilities Current Liabilities $3,439$ $51.2%$ Net Worth Net Worth Paid Capital $1,692$ $25.2%$ Net Worth Additional Paid-in Capital 497 $7.4%$ Retained Earning $1,120$ $16.7%$ $16.7%$		Fixed Assets	882	13.1%	1,003	11.1%
Net Worth Net Worth Net Worth Net Worth Net Worth Retained Earning Net Worth Net Worth Retained Earning Net Worth Net Worth Retained Earning Net Worth		tangible fixed assets	162	2.4%	206	2.3%
Total Assets 6,723 100.0% Liabilities 3,467 51.6% 4 Liabilities 3,439 51.2% 4 Liabilities 3,256 48.4% 4 Net Worth Paid Capital 1,692 25.2% 4 Retained Earning 1,120 16.7% 4		intangible fixed assets	530	7.9%	593	6.6%
Liabilities $3,467$ 51.6% 4100 Liabilities $3,439$ 51.2% 4100 Long term Liabilities 27 0.4% 4100 Net Worth Net Worth $1,692$ 25.2% 4100 Net Worth Additional Paid-in Capital $1,692$ 25.2% 41000 Net Worth Retained Earning $1,120$ 16.7% 16.7%		Others	189	2.8%	203	2.2%
LiabilitiesCurrent Liabilities $3,439$ 51.2% Long term Liabilities 27 0.4% Net W-T $3,256$ 48.4% Net WorthPaid Capital $1,692$ 25.2% Net WorthAdditional Paid-in Capital 497 7.4% Retained Earning $1,120$ 16.7% 25.2%	Total Assets		6,723	100.0%	9,047	100.0%
Image: Net Worth Net WorthLong term Liabilities270.4%Net Worth Net WorthNet WorthNet Capital3,25648.4%Net Worth Net WorthPaid Capital1,69225.2%1Net WorthAdditional Paid-in Capital4977.4%1Net WorthRetained Earning1,12016.7%1		Liabilities	3,467	51.6%	4,791	53.0%
Net Worth Net Worth Net Capital 3,256 48.4% <td>iabilities</td> <td>Current Liabilities</td> <td>3,439</td> <td>51.2%</td> <td>4,750</td> <td>52.5%</td>	iabilities	Current Liabilities	3,439	51.2%	4,750	52.5%
Net WorthPaid Capital1,69225.2%Additional Paid-in Capital4977.4%Retained Earning1,12016.7%		Long term Liabilities	27	0.4%	41	0.5%
Net WorthAdditional Paid-in Capital4977.4%Retained Earning1,12016.7%2		Net Worth	3,256	48.4%	4,255	47.0%
Retained Earning 1,120 16.7%		Paid Capital	1,692	25.2%	1,724	19.1%
	Net Worth	Additional Paid-in Capital	497	7.4%	529	5.8%
Others -54 -0.8%		Retained Earning	1,120	16.7%	2,025	22.4%
		Others	-54	-0.8%	-23	-0.2%
Total Liabilities and Net Worth 16,723 100%	Total Liabilities and Net Worth		¹ &,723	100%	9,047	100% MonotaRO C



8-3. Financials - Forecast for 2012

FY2011 Result		FY2012 Forecast (Consolidated)			
(Million Yen)	Amount	Ratio to Sales	Amount	Ratio to Sales	Comparison to 2011
Sales	22,239		27,011		21.5%
Gross Profit	6,261	28.1%	7,570	28.0%	20.9%
Fixed Expense	4,251	19.1%	4,926	18.2%	15.9%
Operating Income	2,009	9.0%	2,643	9.8%	31.5%
Ordinary Income	2,045	9.2%	2,640	9.8%	29.1%
Net Income	1,148	5.2%	1,504	5.6%	31.0%