

MonotaRO Co., Ltd.

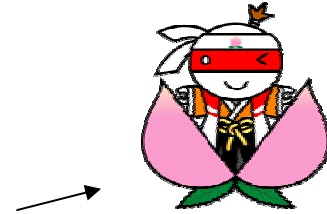
2nd Quarter, 2012

1 – 1 Company profile




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 “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:	791,000 and more throughout Japan	
Date of foundation:	October 19, 2000	
Full-scale operation start date:	November 13, 2001	
Capital stock:	1.73 billion yen or 21.6 million dollars (1\$=80JPY)	
# of employees:	494 including regular employees 143 (Jun.2012)	
Address/Distribution base:	GLP Amagasaki 3F, Nishimukojima-cho, Amagasaki-city, Hyogo 660-0857	
Stock Listing:	TSE Class1 (Security code:3064)	

1 – 2 Our Product Lineup

-Safety



-Packing, Material handling, Cleaning, Office Supplies



-Products Processing Tools



(Hand tools, Cutting Tools, Abrasives and etc.)

-FA, Mechanical Parts



-Auto/Cargo Truck/Motor Bike/Bicycle Maintenance & Parts

-Construction



-Laboratory



1 - 3 Our Strength

-Efficient Sales through Internet

Our sales through internet, which targets whole of Japan, creates economy of scale.

Our promotions are also efficient using IT based on leading data-base marketing.

-One-Price Policy

We present the same price to all customers on our web site.

Our customers trust in our open, fair and proper prices, and now they are free from bothers to ask quotes every time.

Conventional supplier:
Labor Intensive, Localized, Small size

-Product Availability

We sell 1.5 million items, our paper catalogues cover 200 thousand of them and we have 65 thousand of them in our inventory.

Conventional supplier:
Individual and unclear price

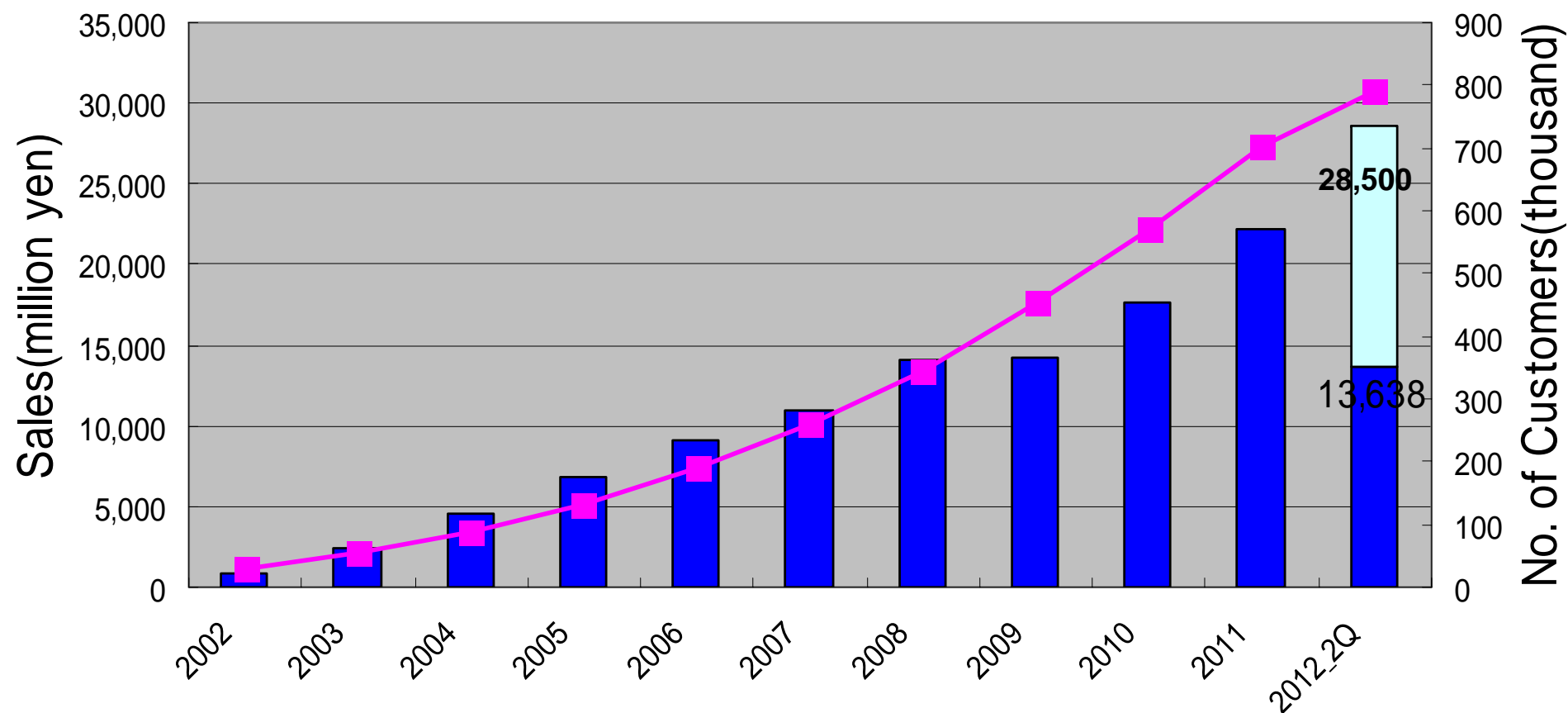
-Private Label Brand and Direct Import Products

We introduce our private label brand and direct import products, so that our customers can choose a best one to meet their needs from the big selection.

Conventional supplier:
Limited product availability, Small selection

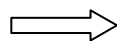
Conventional supplier:
Mainly sell expensive top brand products

2-1. Our Progress -Sales & Customers (MonotaRO Non-Consolidated)



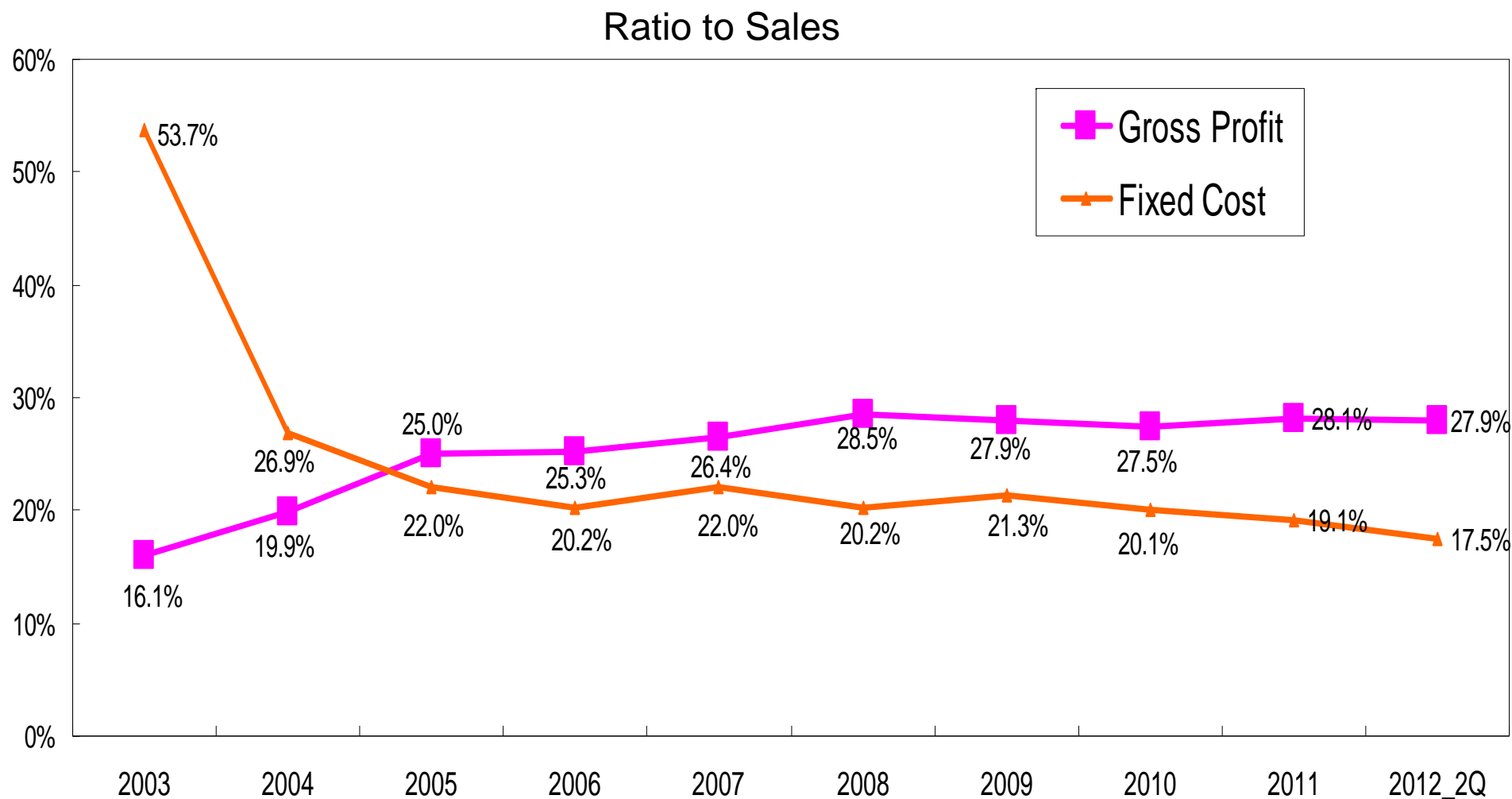
No. of Customer (Registered Accounts)

Dec., 2011 703,772



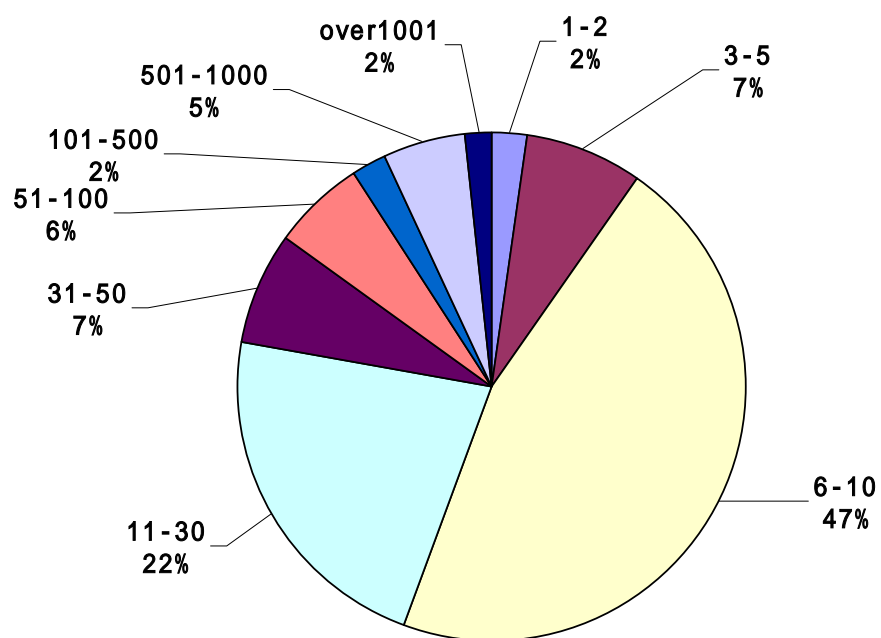
Jun., 2012 791,909

2-2. Our Progress -Gross Profit & Fixed Cost (MonotaRO Non-Consolidated)

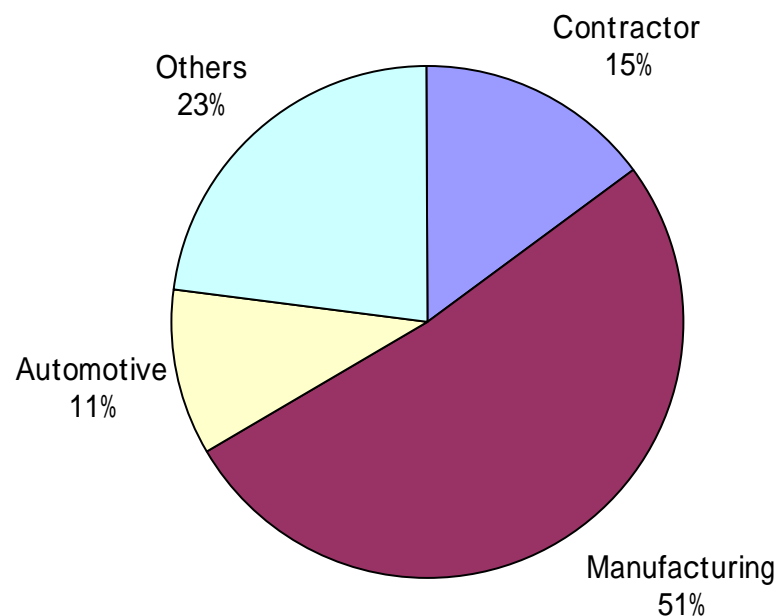


3-1. Our Customers -Demographics

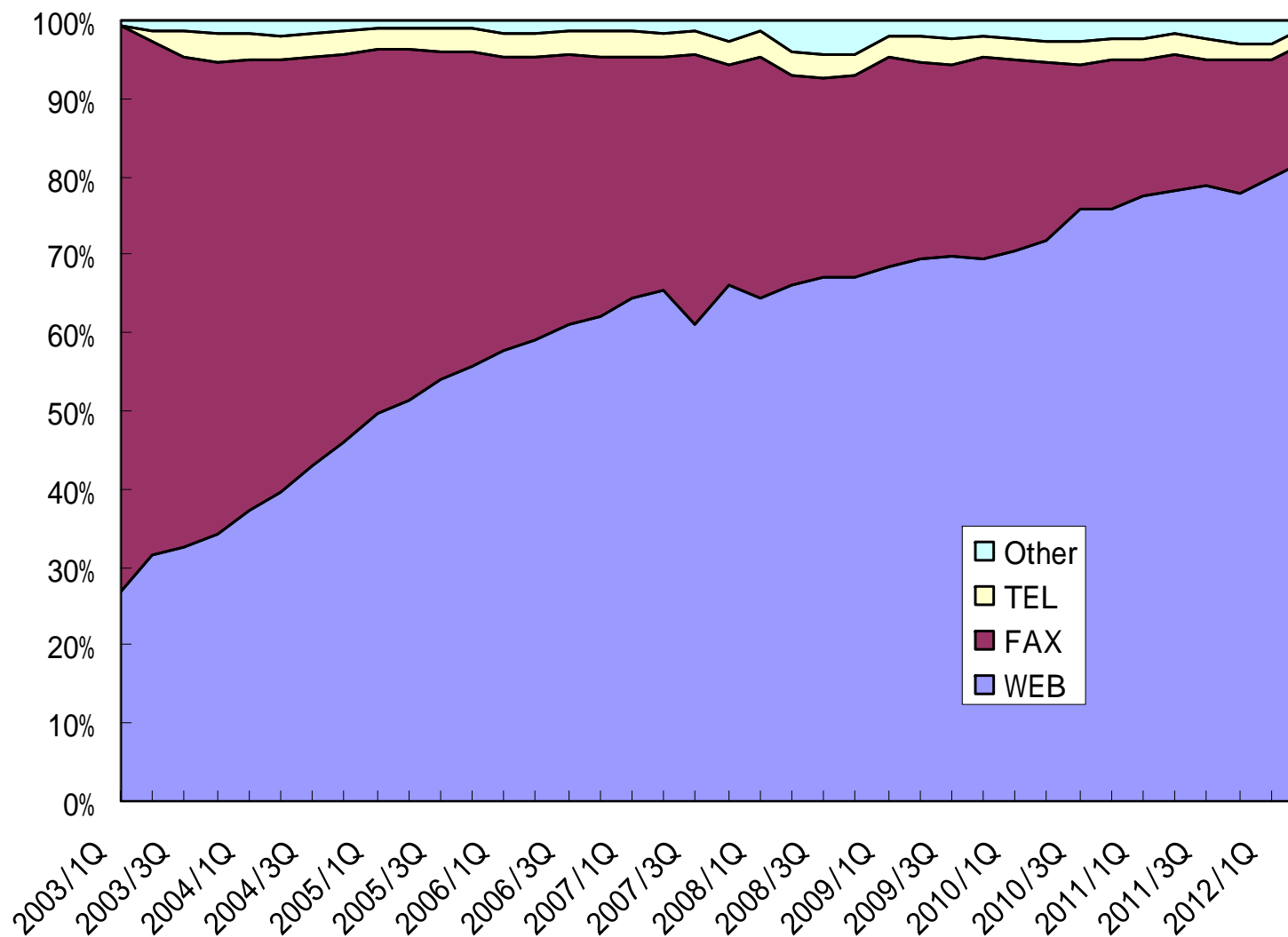
Size
(number of employees)



Industry



3-2. Our Customer – Internet PO Ratio



4. Our Marketing

1. Customer Acquisition

- 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

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
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6-2. Our Growth – 2012 Emphasis

1. Expanding Private Label Brand
2. Widening Product Availability
 - 2 million items on website by the end of the year
 - 250 thousand items on paper catalogues by the end of the year
 - Inventory
 - 80 thousand at Jun. 2012
3. Accelerating Customer Acquisition through Internet
 - Jan. 13,700 Feb. 14,900, Mar 15,300
 - Apr. 16,100 May. 15,000 Jun. 15,900
4. Development of New Sales Channel
 - API connection with large size companies
5. Corresponding Tablet and Smart Phone
 - Smart Phone site released in May.

7. Recent New Release

New Distribution Center

The warehouse lease contract has been settled.

The lease will start Oct. 2013.

Approx. 33,000m²

Possible to have more than 300 thousand items in inventory.

Direct Marketing Business Development in US

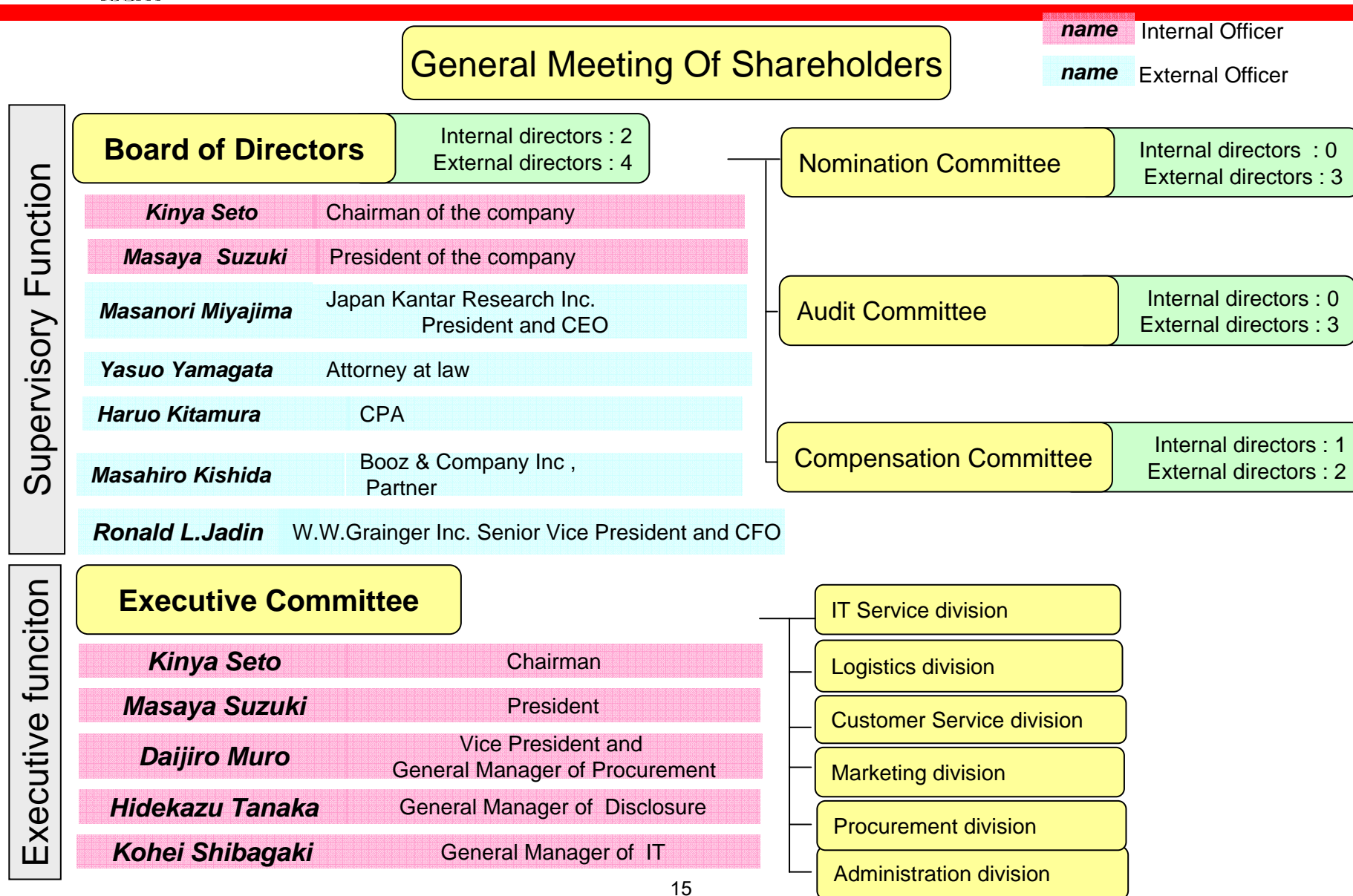
Developing direct marketing business in US by supporting Zoro Tools, Inc. which was established by Grainger in Oct., 2010

8. Our Competition (Our competitors Performance)

(M):Apr.[Year] to Mar.[Year+1] (F):Mar.[Year] to Feb.[Year+1] (D) Jan.[Year] to Dec.[Year]

	Operating Profit(Yen MM)						Change
	2007	2008	2009	2010	2011	2012(P)	2007-2012(P)
Yuasa (8074) - (M)	8,254	5,559	204	4,899	6,634	7,500	-9.1%
Yamazen (8051) - (M)	11,518	6,807	836	7,415	10,528	11,000	-4.5%
Trusco (9830) - (M)	9,120	6,489	3,745	5,479	8,369	10,400	14.0%
Misumi (9962) - (M)	16,317	11,016	8,408	15,562	16,646	17,000	4.2%
Nichiden (9902) - (M)	5,533	3,705	1,283	3,451	4,036	4,260	-23.0%
Furusato (8087) - (M)	4,317	3,791	-780	767	2,215	1,770	-59.0%
Naito (7624) - (F)	1,343	371	-668	290	269	400	-70.2%
Sugimoto (9932) - (M)	2,292	1,227	-84	845	929	1,250	-45.5%
Toba (7472) - (M)	2,115	1,025	-28	762	1,077	1,100	-48.0%
Uematsu (9914) - (M)	190	0	-161	9	37	46	-75.8%
MonotaRO (3064) - (D)	480	1,168	910	1,307	2,009	2,838	591.3%

9. Corporate Governance



10-1. Financials 2012 1Q - Income Statement

	2011_Jan-Jun		2012_Jan-Jun			2012_Jan-Jun	
	Non-Consolidated		Non-Consolidated			Consolidated	
	Amount (million yen)	Ratio to Sales	Amount (million yen)	Ratio to Sales	Comparison to 2011	Amount (million yen)	Ratio to Sales
Sales	10,513		13,638		29.7%	13,677	
Gross Profit	2,978	28.3%	3,799	27.9%	27.6%	3,830	28.0%
Fixed Expense	1,892	18.0%	2,386	17.5%	26.1%	2,406	17.6%
Operating Income	1,086	10.3%	1,412	10.4%	30.1%	1,423	10.4%
Current Income	1,105	10.5%	1,428	10.5%	29.2%	1,439	10.5%
Net Income	621	5.9%	822	6.0%	32.3%	828	6.1%

10-2 Financials 2012 1Q (Consolidated)

- Balance Sheet

(Million Yen)			DEC.2011		Jun.2012	
			Amount	Ratio	Amount	Ratio
Assets	Current Assets		8,044	88.9%	8,646	88.3%
		Cash	1,519	16.8%	1,698	12.7%
		Account Receivable	2,319	25.6%	2,757	29.9%
		Inventory	2,931	32.4%	2,951	31.3%
		Others	1,273	14.1%	1,238	14.4%
	Fixed Assets		1,003	11.1%	1,063	11.0%
		tangible fixed assets	206	2.3%	187	1.9%
		intangible fixed assets	593	6.6%	653	6.7%
		Others	203	2.2%	221	2.3%
Total Assets			9,047	100.0%	9,709	
Liabilities	Liabilities		4,791	53.0%	4,825	49.7%
		Current Liabilities	4,750	52.5%	4,726	48.7%
		Long term Liabilities	41	0.5%	99	1.0%
Net Worth	Net Worth		4,255	47.0%	4,884	50.3%
		Shareholder's Equity	4,178	46.2%	4,791	49.3%
		Others	77	0.8%	92	1.0%
Total Liabilities and Net Worth			9,047		9,709	

10-3. Financials - Forecast for FY2012 (Consolidated)

Million Yen	FY2011 Result		FY2012 Original Plan		FY2012 Revised Plan		Comparison to the previous year
	Amount	Ratio to Sales	Amount	Ratio to Sales	Amount	Ratio to Sales	
Sales	22,239		27,011		28,500		+28.2%
Gross Profit	6,261	28.1%	7,570	28.0%	8,052	28.3%	+28.6%
Fixed Expense	4,251	19.1%	4,926	18.2%	5,213	18.3%	+22.6%
Operating Income	2,009	9.0%	2,643	9.8%	2,838	10.0%	+41.3%
Ordinary Income	2,045	9.2%	2,640	9.8%	2,854	10.0%	+39.6%
Net Income	1,148	5.2%	1,504	5.6%	1,634	5.7%	+42.2%



Contact Us

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