

MonotaRO Co., Ltd.

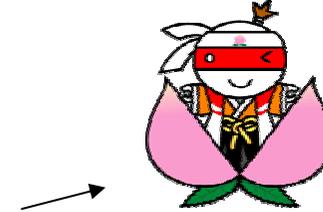
3rd Quarter, 2012
(Jan. to Sept., 2012)

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 2,000,000 products)

of customers: 841,000 and more throughout Japan

Date of foundation: October 19, 2000

Full-scale operation start date: November 13, 2001

Capital stock: 1.75 billion yen or 21.9 million dollars (1\$=80JPY)

of employees: 536 including regular employees 145 (Sept.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



- Cutting Tools, Abrasives ,Products Processing Tools



-Hand tools, Power tools, Pneumatics



-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 2.0 million items, our paper catalogues cover 257 thousand of them and we have 80 thousand of them in our inventory.

Conventional supplier:
Individual and unclear price

-Private Label Brand and Direct Import Products

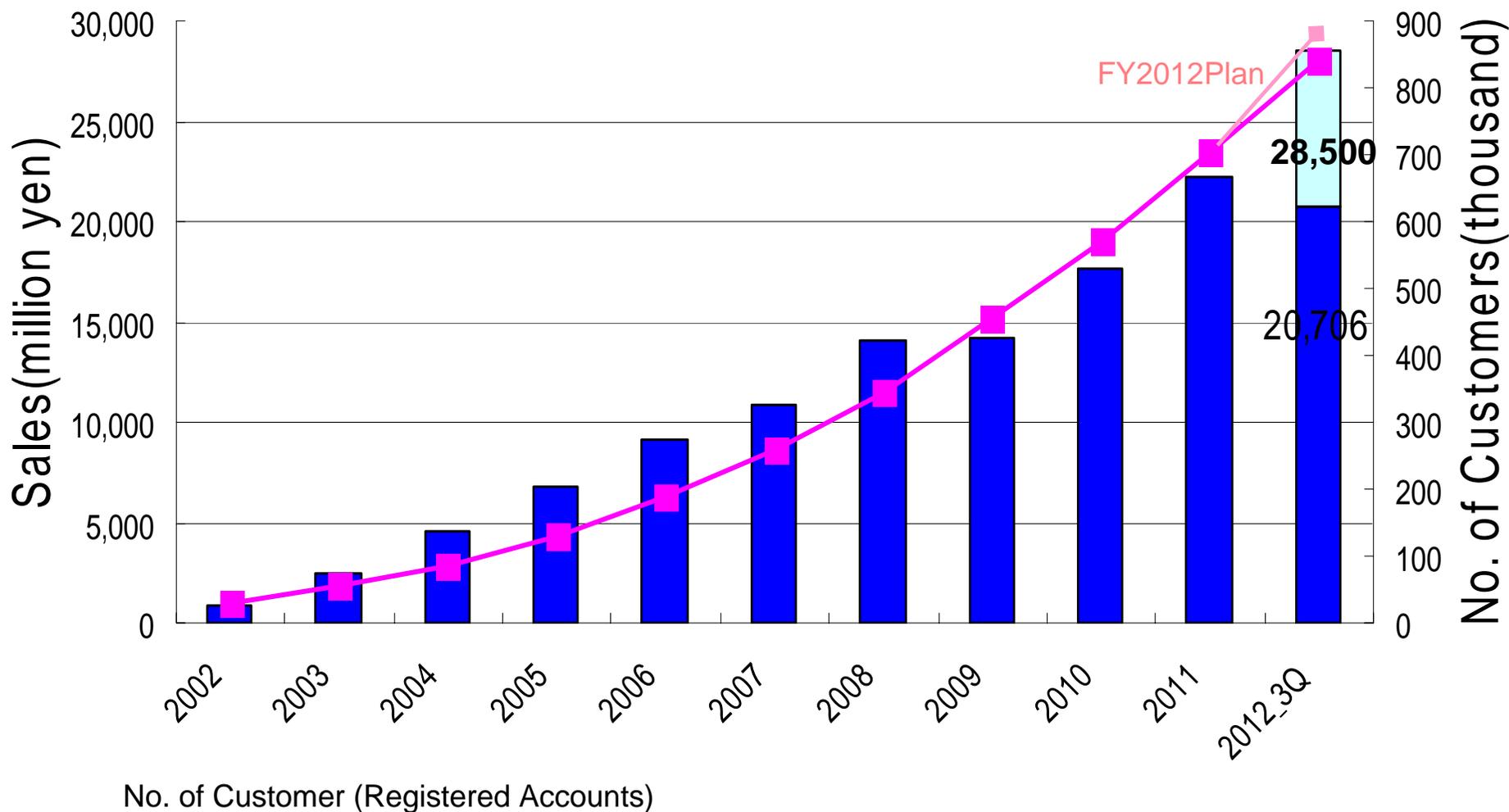
We introduce our private label brand and direct import products, so that our customers can choose a best one to meet their needs from the big selection.

Conventional supplier:
Limited product availability, Small selection

Conventional supplier:
Mainly sell expensive top brand products



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

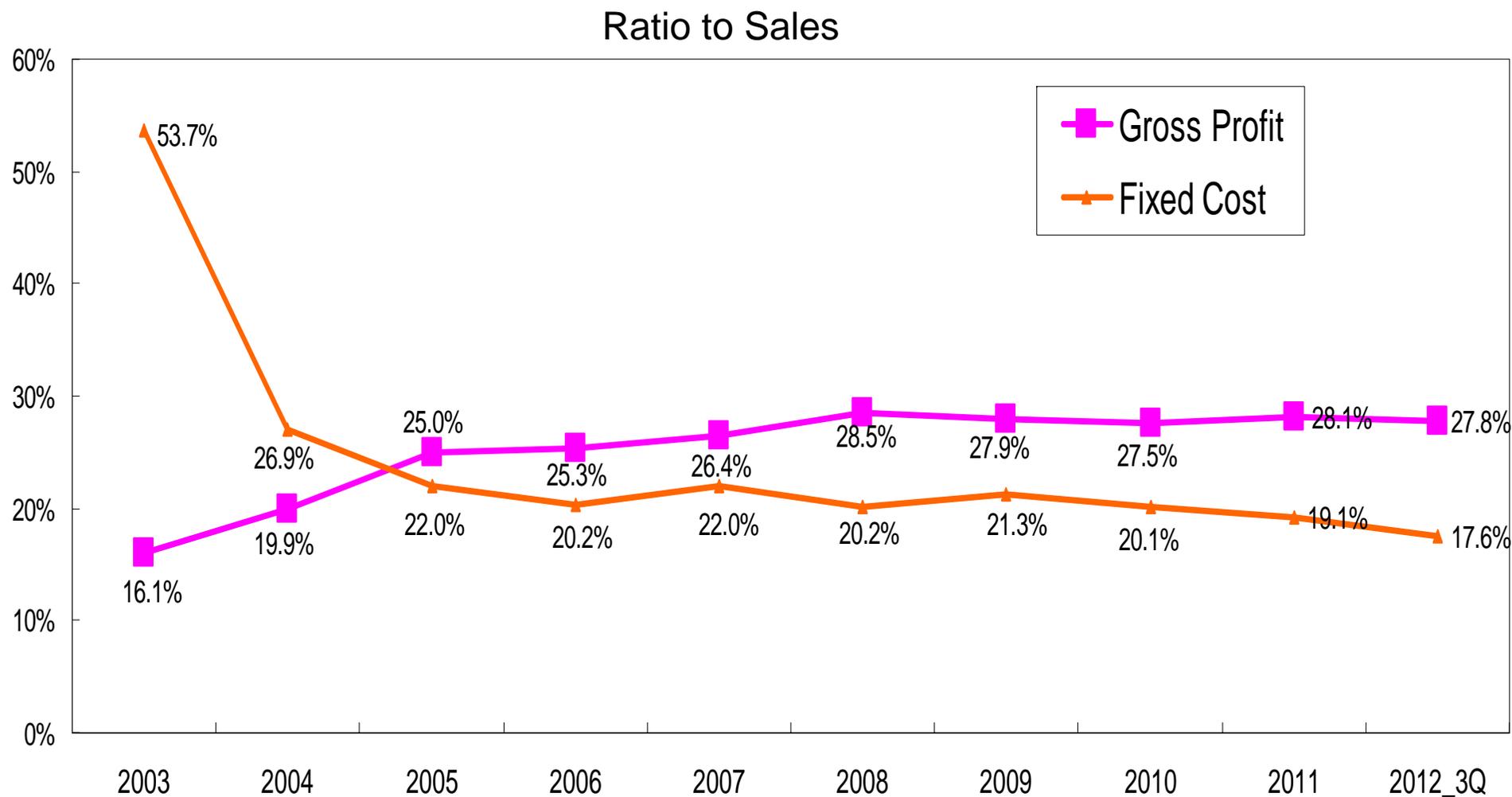


No. of Customer (Registered Accounts)

Dec., 2011 703,772 → Sept., 2012 841,953

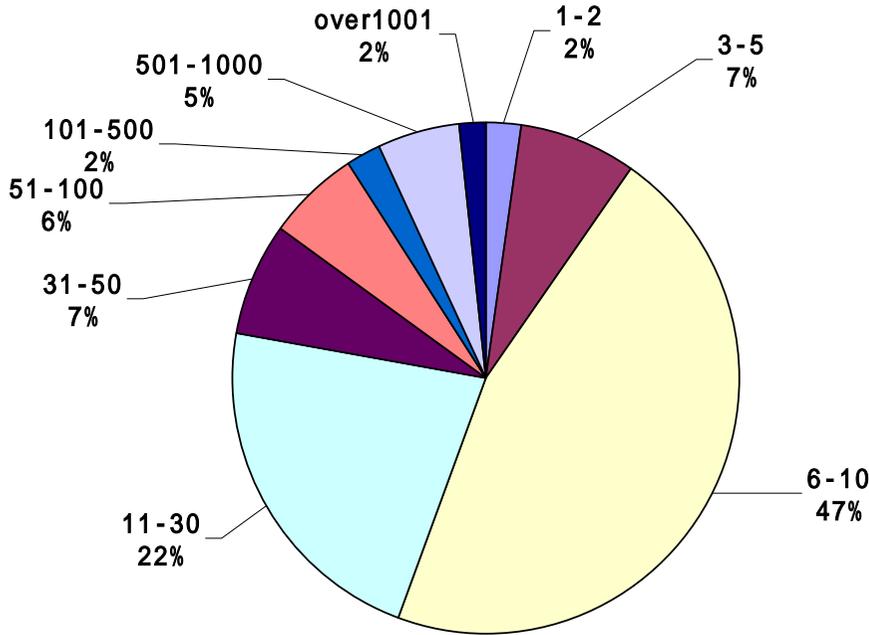


2-2. Our Progress -Gross Profit & Fixed Cost (MonotaRO Non-Consolidated)

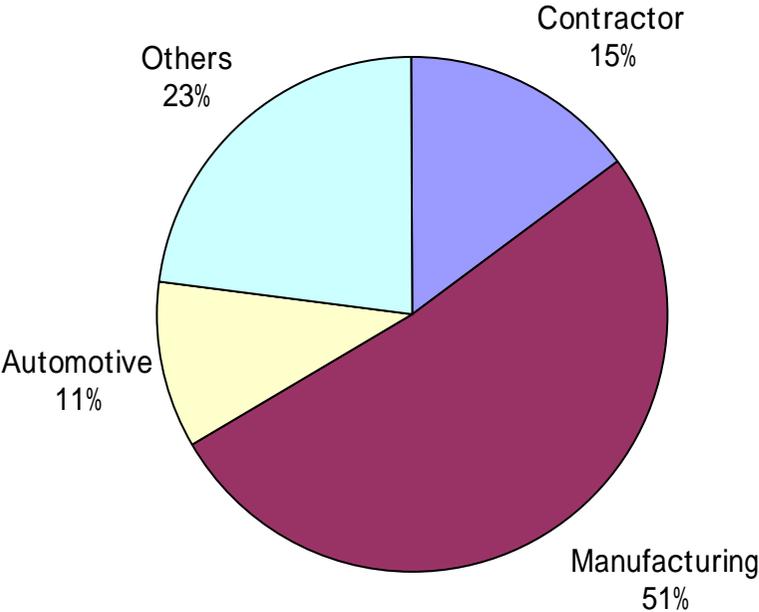


3-1. Our Customers -Demographics

Size (number of employees)

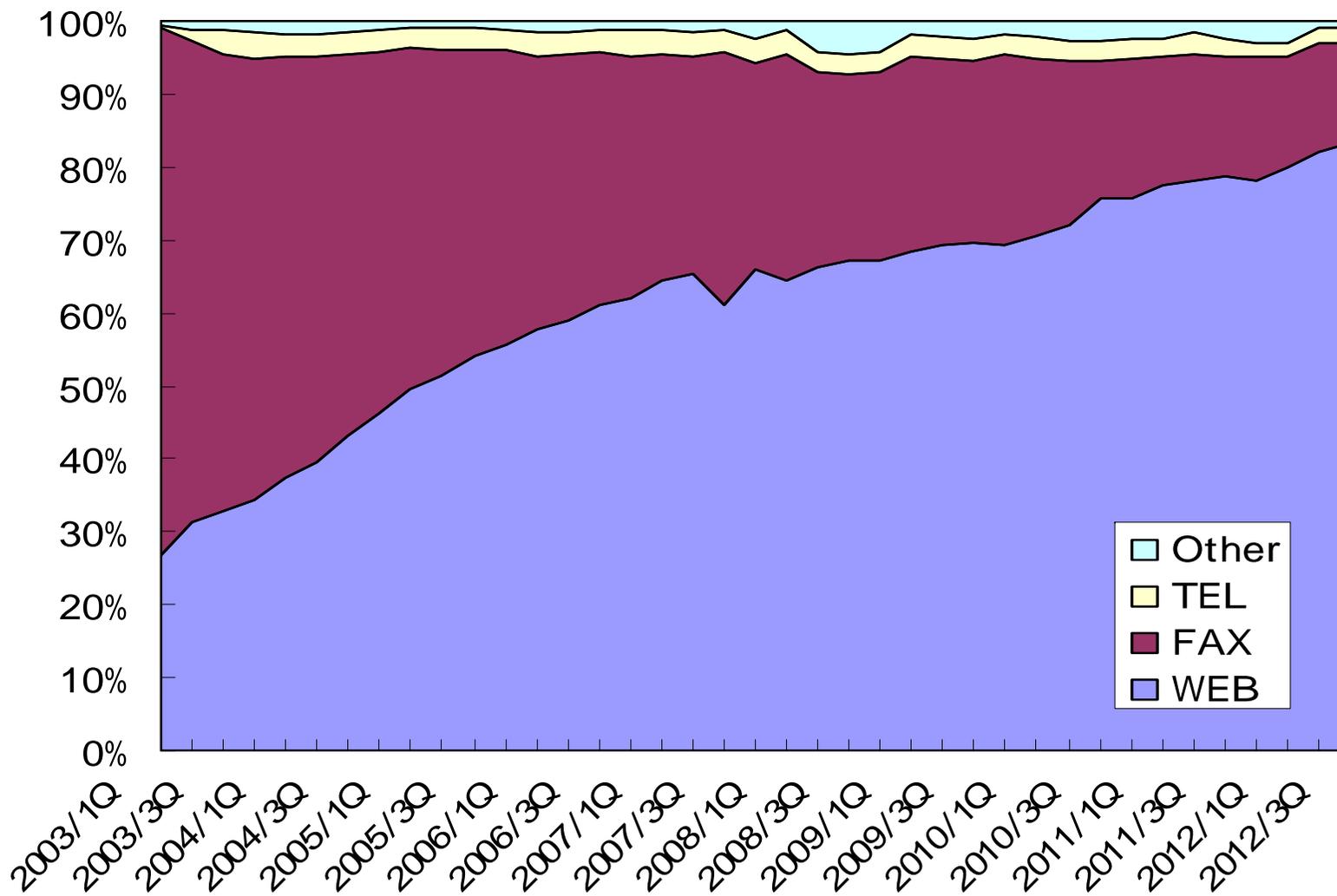


Industry





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 8 in 2012 for better targeting



6. Data Mining & Campaign Management Solution

5. Our Procurement

- **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
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



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
 - 257 thousand items on paper catalogues
 - 80 thousand items in Inventory
3. Accelerating Customer Acquisition through Internet
 - Jan. 13,700 Feb. 14,900 Mar 15,300 Apr. 16,100 May. 15,000
 - Jun. 15,900 Jul. 17,500 Aug. 16,500 Sep. 18,100
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

Released Paper Catalogues Vol.8

8 types of paper catalogue vol. 8 were released in Oct. 2012.

Hand tools, Power tools, Pneumatics catalogue is newly added split from Product Processing Tools catalogue.

257 thousand items are on the catalogue, including 105 thousand items of same day shipment and 98 thousand items of next day shipment.

Those catalogues were initially distributed to 237 thousand customers.

These customers received one or more catalogues according to their purchase records and prospects.

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]

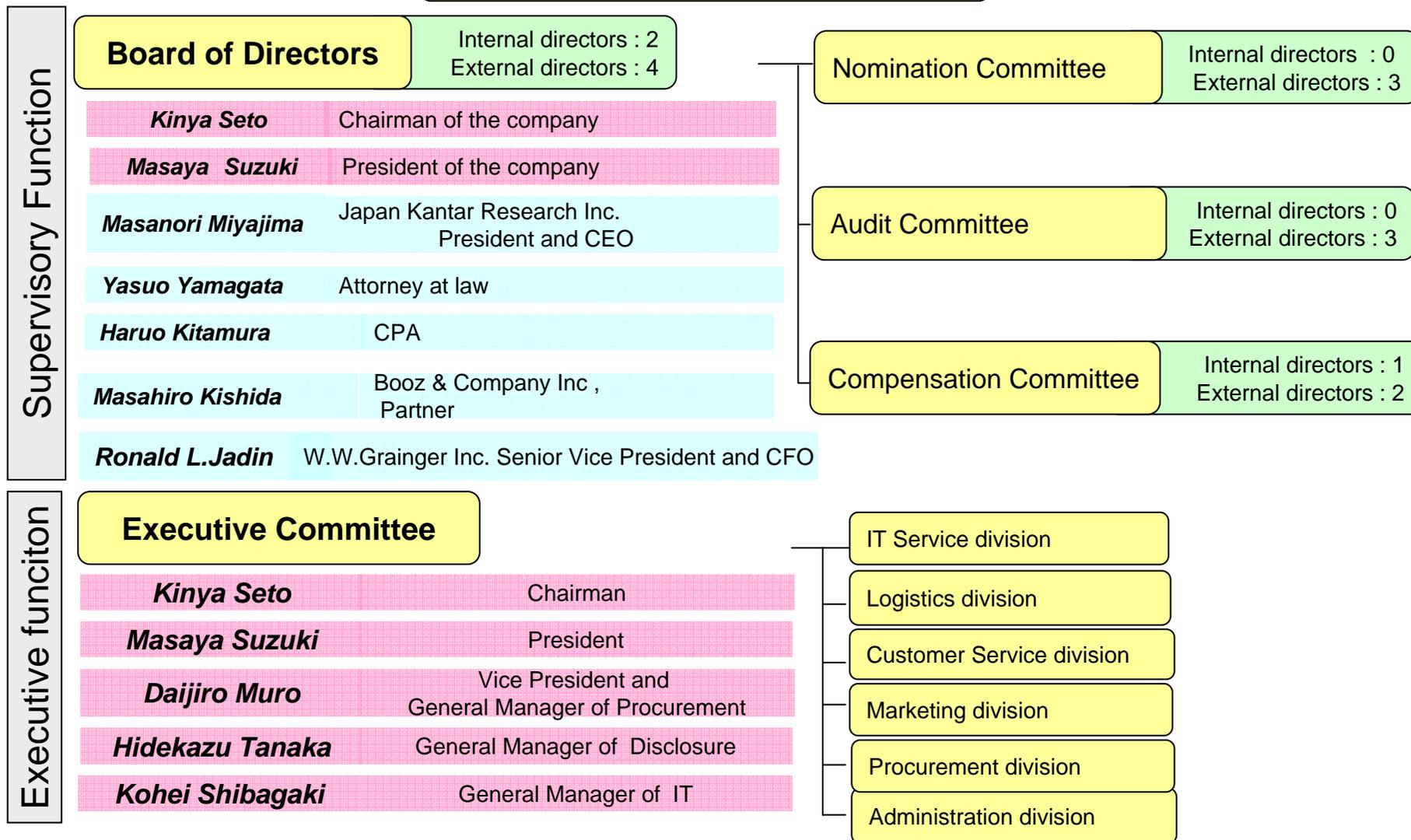
	W:Wholesaler R: Retailer	Operating Profit(Yen MM)						Change 2007- 2012(P)
		2007	2008	2009	2010	2011	2012(P)	
Yuasa (8074) - (M)	W	8,254	5,559	204	4,899	6,634	7,500	-9.1%
Yamazen (8051) - (M)	W	11,518	6,807	836	7,415	10,528	11,000	-4.5%
Trusco (9830) - (M)	W	9,120	6,489	3,745	5,479	8,369	9,100	14.0%
Misumi (9962) - (M)	R	16,317	11,016	8,408	15,562	16,646	17,000	4.2%
Nichiden (9902) - (M)	W	5,533	3,705	1,283	3,451	4,036	4,260	-23.0%
Furusato (8087) - (M)	W	4,317	3,791	-780	767	2,215	1,770	-59.0%
Naito (7624) - (F)	W	1,343	371	-668	290	269	160	-70.2%
Sugimoto (9932) - (M)	W·R	2,292	1,227	-84	845	929	1,250	-45.5%
Toba (7472) - (M)	R	2,115	1,025	-28	762	1,077	1,100	-48.0%
Uematsu (9914) - (M)	R	190	0	-161	9	37	46	-75.8%
MonotaRO (3064) - (D)	R	480	1,168	910	1,307	2,009	2,838	591.3%

9. Corporate Governance

General Meeting Of Shareholders

name Internal Officer

name External Officer



10-1. Financials 2012 3Q - Income Statement

	2011_Jan-Sep		2012_Jan-Sep			2012_Jan-Sep	
	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	15,947		20,706		+29.8%	20,782	
Gross Profit	4,504	28.2%	5,749	27.8%	+27.6%	5,798	27.9%
Fixed Expense	2,903	18.2%	3,638	17.6%	+25.3%	3,675	17.7%
Operating Income	1,600	10.0%	2,111	10.2%	+31.9%	2,122	10.2%
Current Income	1,631	10.2%	2,134	10.3%	+30.8%	2,145	10.3%
Net Income	920	5.8%	1,230	5.9%	+33.6%	1,237	6.0%

10-2 Financials 2012 3Q (Consolidated) - Balance Sheet

(Million Yen)		DEC.2011		SEP.2012		
		Amount	Ratio	Amount	Ratio	
Assets	Current Assets		8,044	88.9%	8,994	88.6%
		Cash	1,519	16.8%	2,020	19.9%
		Account Receivable	2,319	25.6%	2,720	26.8%
		Inventory	2,931	32.4%	3,225	31.8%
		Others	1,273	14.1%	1,028	10.1%
	Fixed Assets		1,003	11.1%	1,160	11.0%
		tangible fixed assets	206	2.3%	177	1.8%
		intangible fixed assets	593	6.6%	760	7.5%
		Others	203	2.2%	222	2.2%
	Total Assets		9,047		10,155	
Liabilities	Liabilities		4,791	53.0%	5,061	49.8%
		Current Liabilities	4,750	52.5%	4,963	48.9%
		Long term Liabilities	41	0.5%	98	1.0%
Net Worth	Net Worth		4,255	47.0%	5,093	50.2%
		Shareholder's Equity	4,178	46.2%	5,000	49.2%
		Others	77	0.8%	92	0.9%
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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