

MonotaRO Co., Ltd.

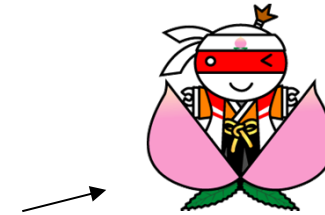
FY2012
(Jan. to Dec., 2012)

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 3,000,000 products)

of customers: 892,000 and more throughout Japan

Date of foundation: October 19, 2000

Full-scale operation start date: November 13, 2001

Capital stock: 1.77 billion yen or 21.1million dollars (1\$=84JPY)

of employees: 528 including regular employees 147 (Dec.2012)

Address/Distribution base: GLP Amagasaki 3F, Nishimukojima-cho, Amagasaki-city, Hyogo 660-0857

Stock Listing: TSE Class1 (Security code:3064)



2-1. FY2012 Financial Result – P/L (Non-consolidated)

	FY2011 Result		FY2012 Result		
	Amount (million Yen)	Ratio to Sales	Amount (million Yen)	Ratio to Sales	Y on Y
Sales	22,220	100%	28,639	100%	+28.9%
Gross Profit	6,245	28.1%	8,169	28.5%	+30.8%
Fixed Expense	4,230	19.0%	5,256	18.4%	+24.3%
Operating Income	2,015	9.1%	2,913	10.2%	+44.5%
Current Income	2,051	9.2%	2,928	10.2%	+42.8%
Net Income	1,153	5.2%	1,683	5.9%	+46.0%

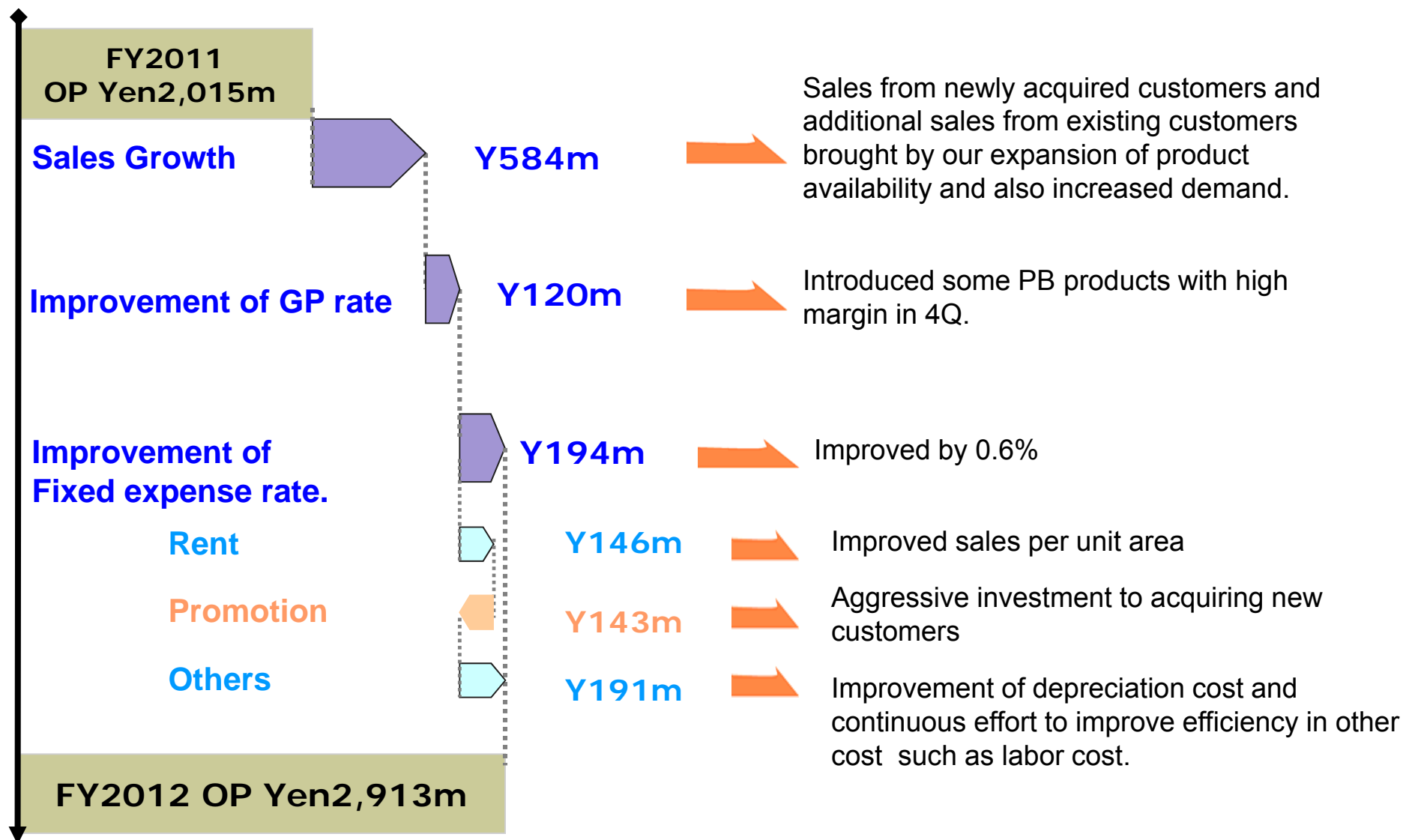
2-2. FY2012 Financial Result - B/S (Non-consolidated)

		DEC.	DEC.2012	
		2011	(million Yen)	Ratio
Assets				
	Cash	1,410	2,786	24.9%
	Accounts Receivable	2,310	2,855	25.6%
	Inventory	2,931	3,135	28.1%
	Others	1,273	1,169	10.5%
Total Current Assets		7,926	9,946	89.0%
	Tangible Fixed Assets	206	171	1.5%
	Intangible Fixed Assets	593	762	6.8%
	Others	273	291	2.6%
Total Fixed Assets		1,073	1,226	11.0%
Total Assets		8,999	11,172	100.0%

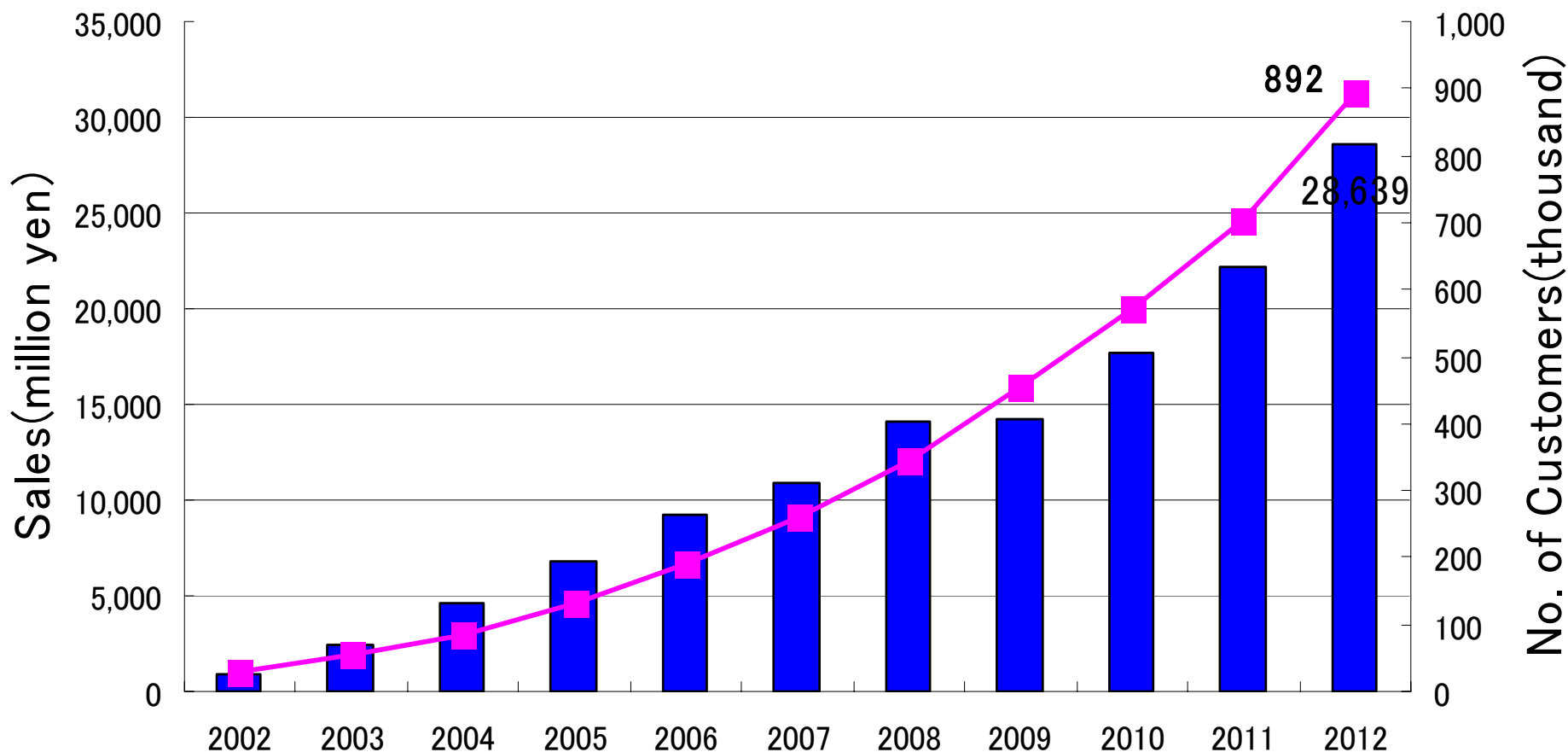
		DEC.	DEC.2012	
		2011	(million Yen)	Ratio
Liabilities				
	Accounts Payable	1,933	2,153	19.3%
	Short-term Debt	1,300	1,300	11.6%
	Others	1,493	2,065	18.5%
Total Current Liabilities		4,726	5,519	49.4%
Long term Liabilities		41	96	0.9%
Total Liabilities		4,767	5,616	50.3%
Net Assets				
Shareholder's Equity		4,183	5,488	49.1%
Stock Option		49	68	0.6%
Total Net Assets		4,232	5,556	49.7%
Total Liabilities & Net Assets		8,999	11,172	100.0%

2-3. FY2012 Financial Result

– Operating Income Change Factor (Non-consolidated)



3-1. Our Progress -Sales & Customers (Non-Consolidated)



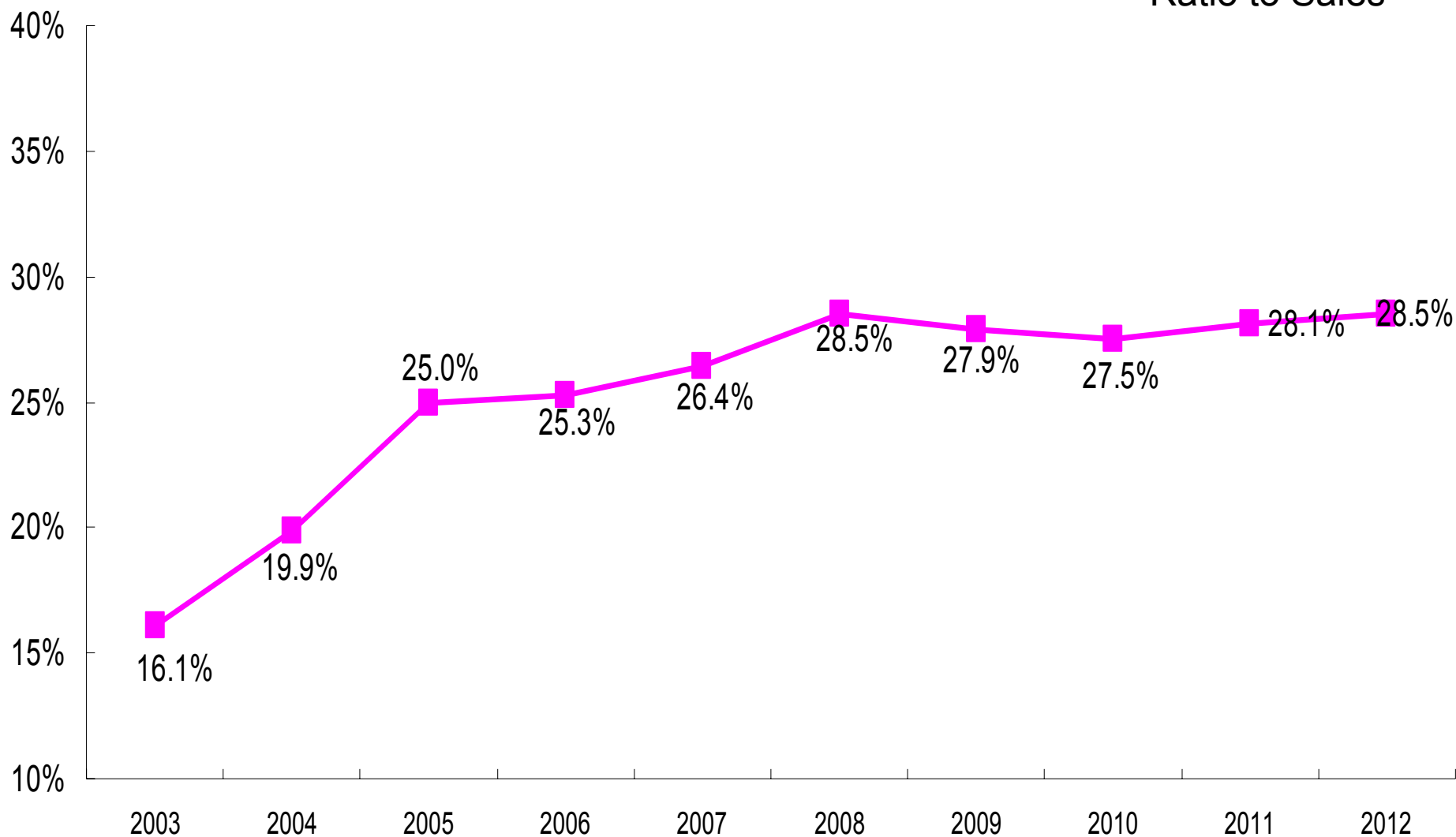
No. of Customer (Registered Accounts)

Dec., 2011 703,772 \Rightarrow Dec., 2012 892,162



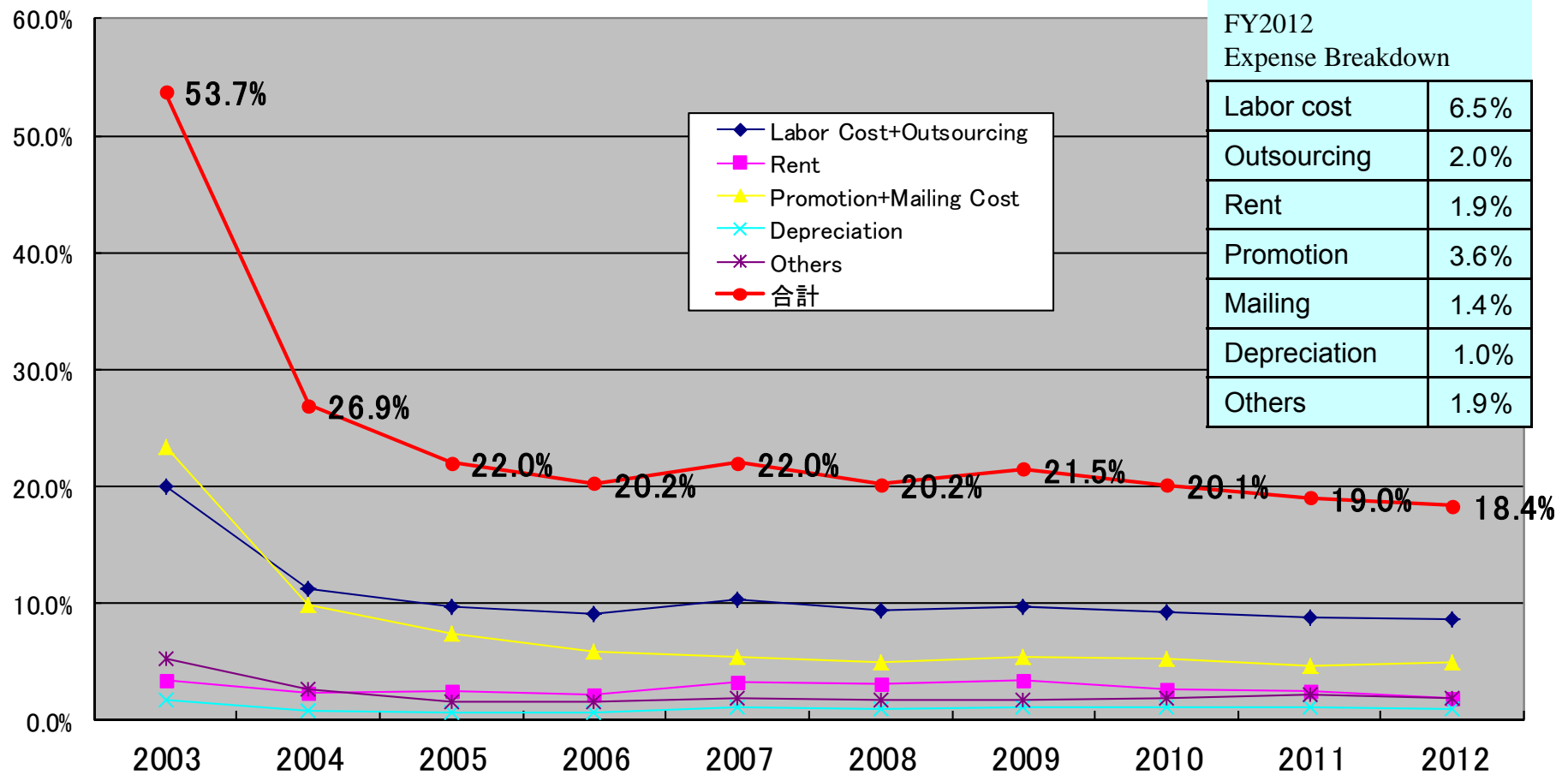
2-2. Our Progress -Gross Profit (MonotaRO Non-Consolidated)

Ratio to Sales

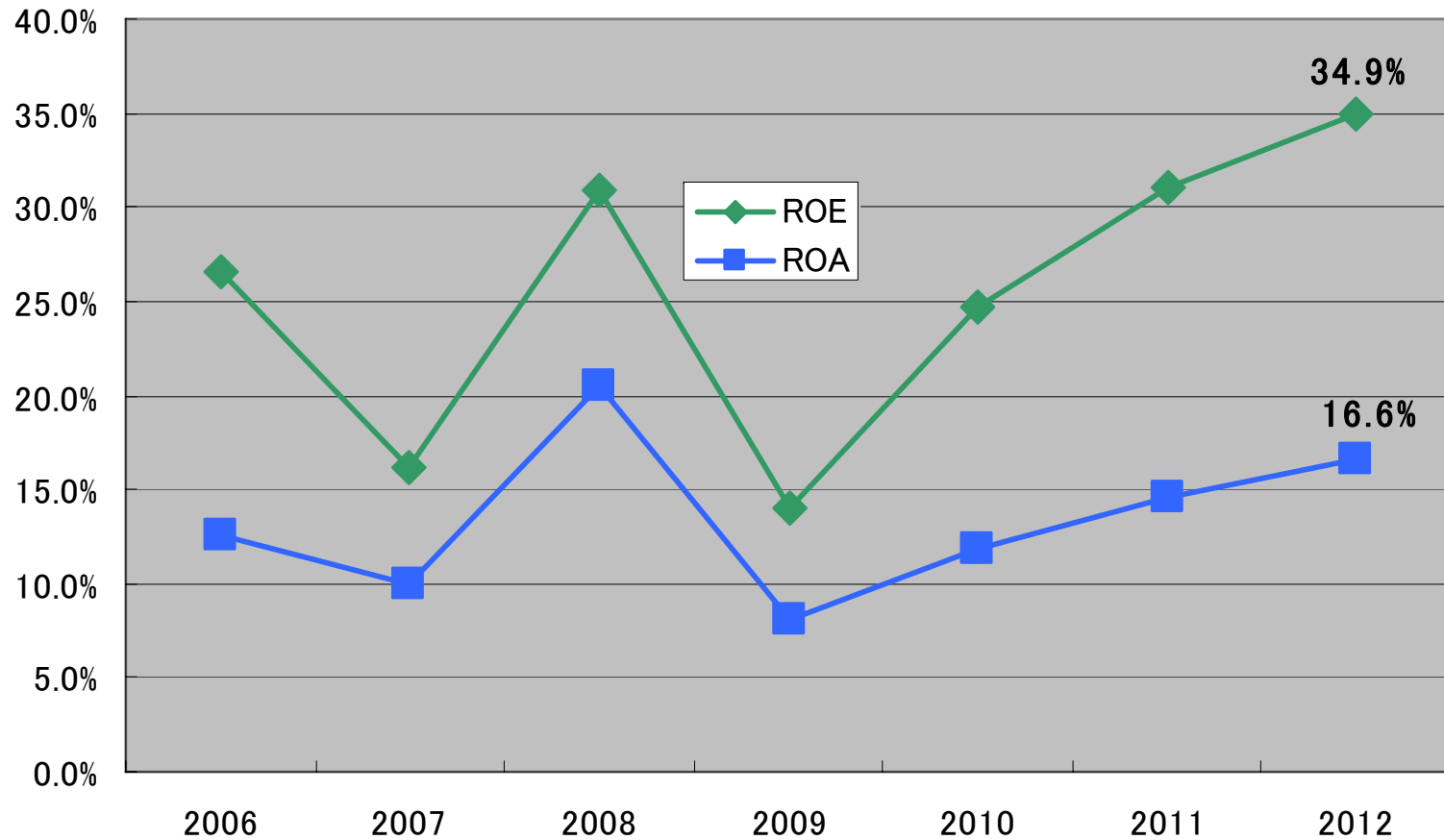




2-3. Our Progress -Fixed Cost (MonotaRO Non-Consolidated)



2-4. Our Progress –ROA, ROE



↑
Payment of corporate income tax started

3-1. FY2013 Plan-1 (Full Year)

Consolidated

	FY2012 Result		FY2013 Forecast			
	Yen (million)	Amount	Ratio to sales	Yen (million)	Amount	Y on Y
Sales		28,742		35,333		22.9%
Gross Profit		8,234	28.6%	10,582	30.0%	28.5%
Fixed Expense		5,308	18.5%	6,536	18.5%	23.1%
Operating Income		2,925	10.2%	4,046	11.5%	38.3%
Current Income		2,941	10.2%	4,046	11.5%	37.6%
Net Income		1,689	5.9%	2,407	6.8%	42.5%

Non-Consolidated

	MonotaRO, Japan		Subsidiary, Korea		
	Yen (million)	Amount	Ratio to sales	Amount	
Sales		35,143		190	
Gross Profit		10,560	30.0%	22	11.7%
Fixed Expense		6,307	17.9%	229	120.2%
Operating Income		4,253	12.1%	-206	-108.5%
Current Income		4,253	12.1%	-206	-108.5%
Net Income		2,613	7.4%	-206	-108.5%

3-1. FY2013 Plan-2(Half)

1st Half(Jan to Jun) -Consolidated

	FY2012 Result		FY2013 Forecast			
	Yen (million)	Amount	Ratio to sales	Yen (million)	Amount	Y on Y
Sales		13,677		16,330		19.4%
Gross Profit		3,830	28.0%	4,909	30.1%	28.2%
Fixed Expense		2,406	17.6%	2,996	18.3%	24.5%
Operating Income		1,423	10.4%	1,913	11.7%	34.4%
Current Income		1,439	10.5%	1,912	11.7%	32.9%
Net Income		828	6.1%	1,184	7.3%	43.0%

2nd Half(Jul to Dec) -Consolidated

	FY2012 Result		FY2013 Forecast			
	Yen (million)	Amount	Ratio to sales	Amount	Ratio to sales	Y on Y
Sales		15,065		19,003		+26.1%
Gross Profit		4,403	29.2%	5,671	29.8%	+28.8%
Fixed Expense		2,901	19.3%	3,540	18.6%	+22.0%
Operating Income		1,501	10.0%	2,133	11.2%	+42.0%
Current Income		1,501	10.0%	2,133	11.2%	+42.1%
Net Income		860	5.7%	1,222	6.4%	+42.1%

3-2. Outline of FY2013 Plan

▪ Sales

Growth rate (MonotaRO non-consolidated FY2012 28.9%→FY2013 22.7%)

1. The growth amount will increase to 6.5billion yen in 2013 from 6.4billion in 2012.

2. No. of working days FY2011: 243days, FY2012: 248days, FY: 244days
increased by 2.1% from FY2011 to FY 2012
decrease by 1.6% from FY2012 to FY2013

3. Customers demand

Customers production volume had increased gradually in 2012 after the world economic downturn in 2008 and the great earthquake in 2011. It is not expected in 2013.

▪ Gross Profit

Despite continuous effort to introduce high margin PB products to increase gross profit in 2013, 30.0% is expected considering a weak yen.

▪ Fixed Expense

Aggressive investment in promotion for acquiring new customers and continuous effort to improve the efficiency of other cost

New Distribution Center

Investment Plan Y100m in 2013, Y600m in 2014

Additional cost of rent and relative depreciation will accrue in 2014 (apx Y500m)

▪ Extraordinary Profit

Extraordinary Profit from the transfer of K-engine share is recorded in 1Q.

▪ Dividend

Increased to Y24 per share for Full year.

3-3. FY2013 Strategy

- **Overseas expansion**

- founded a subsidiary in Korea in Jan., 2013

- starts business in Korea in Apr.,2013

- exploring opportunities in other countries

- **Expansion of Product line-up and Availability**

- Product line-up **2million** sku at Dec., 2012 to

- 3.5million** sku by the end of 2013

- Inventory **93K** sku at Dec., 2012

- 130K** sku by the end of 2013

- **Private Label Brand**

- Continuous expansion

- **API connection with Large size companies**

- 2012 Result : No. of connected companies increased by 70%

- Sales increased by 200%

- 2013 Plan: significant increase of connected companies,
spreading the successful user cases to others

- ⇒ large growth of sales

4. Transfer of K-engine share

K-engine

Is founded in Aug., 2011

Capital Yen100million (Our investment : Yen70million)

Aimed to introducing the efficient supply of house building material through the procurement system using 3D CAD, we started the feasibility study.



Conclusion: Best to offer the system solution to small and mid house builders for their efficiency improvement.



All the share transferred to Lixil(TSE, NSE, OSE 5938)
at Yen210m on Jan.30, 2013

Extraordinary profit Yen137million at the consolidated basis.

5-1.FY2012 Financial Result-P/L (Consolidated)

(M Yen)	FY2011	FY2012	
	Amount	Amount	Ratio to Sales
Sales	22,239	28,742	
Gross Profit	6,261	8,234	28.6%
Fixed Expense	4,251	5,308	18.5%
Operating Income	2,009	2,925	10.2%
Current Income	2,045	2,941	10.2%
Net Income	1,148	1,689	5.9%

5-2.FY2012 Financial Result-B/S (Consolidated)

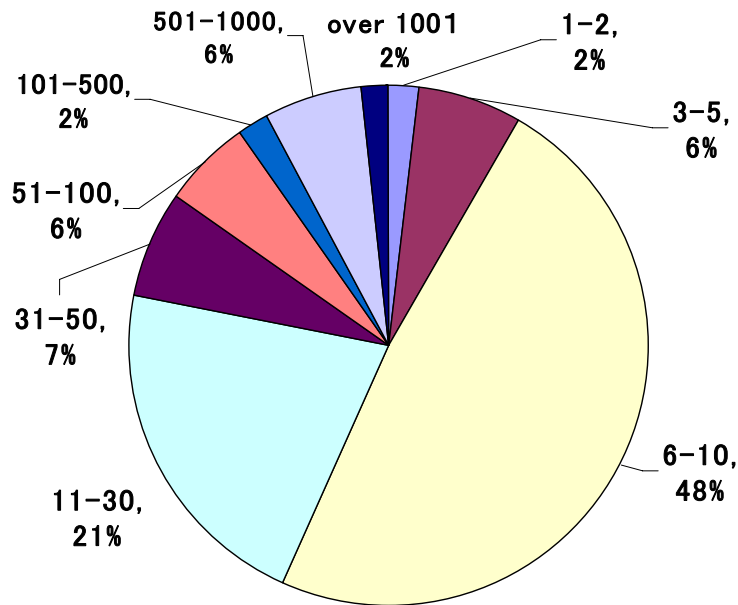
		Dec.2011		Dec.2012	
		m yen	Ratio	m yen	Ratio
Asset					
	CASH	1,519	16.8%	2,925	26.0%
	Accounts Receivable	2,319	25.6%	2,868	25.5%
	Inventory	2,931	32.4%	3,147	27.9%
	Others	1,273	14.1%	1,167	10.4%
Total Current Asset		8,044	88.9%	10,109	89.7%
	Tangible Fixed Asset	206	2.3%	171	1.5%
	Intangible Fixed Asset	593	6.6%	762	6.8%
	Others	203	2.2%	221	2.0%
Total Fixed Assets		1,003	11.1%	1,156	10.3%
Total Assets		9,047		11,265	
Liabilities					
	Accounts Payable	1,936	21.4%	2,178	19.3%
	Short-term Debt	1,300	14.4%	1,300	11.5%
	Others	1,513	16.7%	2,101	18.7%
Total Current Liabilities		4,750	52.5%	5,580	49.5%
Long term Liabilities		41	0.5%	96	0.9%
Total Liabilities		4,791	53.0%	5,676	50.4%
Net Assets					
Shareholder's Equity		4,178	46.2%	5,489	48.7%
Others		77	0.9%	99	0.9%
Total Net Assets		4,255	47.0%	5,588	49.6%
Total Liabilities & Net Assets		9,047		11,265	

5-3.FY2012 Financial Result-C/F (Consolidated)

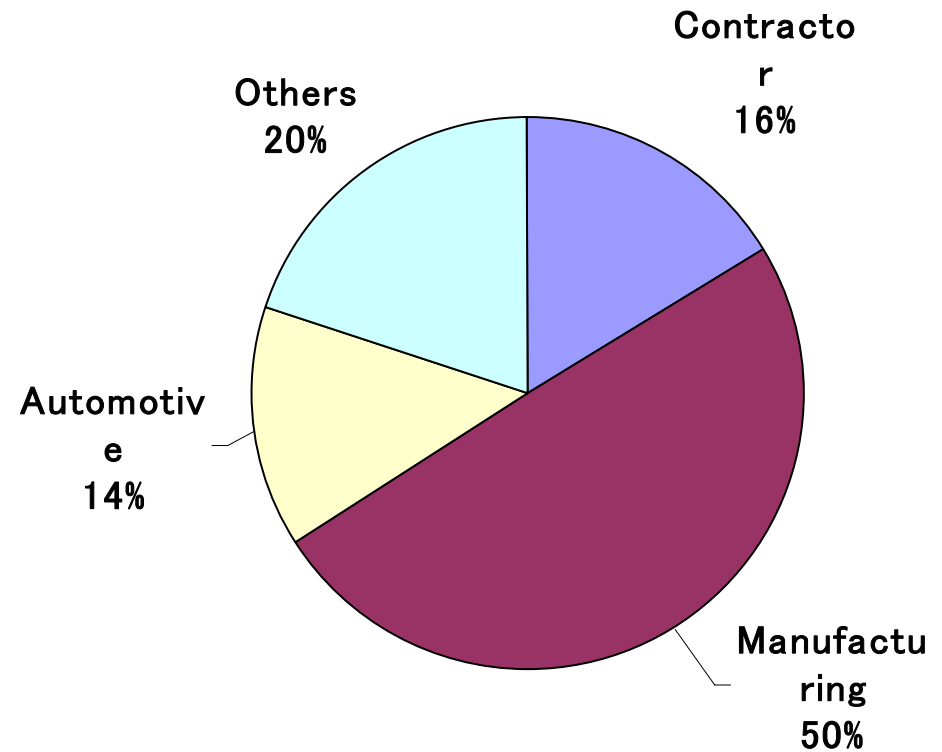
Million yen		FY2011	FY2012
I Cash Flow from Operating Activity			
	Net Income before Tax	2,017	2,940
	Increase or Decrease in Accounts Receivable	-89	-548
	Increase or Decrease in Inventory	-1,232	-216
	Increase or Decrease in Accounts Payable	402	242
	Others	-778	-204
	Total	319	2,212
II Cash Flow from Investing Activity			
	Tangible Assets	-105	-38
	Intangible Assets	-241	-381
	Others	-26	-99
	Total	-372	-520
III Cash Flow from Financing Activity			
	Dividend	-243	-447
	Others	575	61
	Total	332	-386
IV Net Increase/Decrease of Cash and Cash Equivalent		279	1,305
V Cash and Cash Equivalent at the beginning of the period		1,240	1,519
VI Cash and Cash Equivalent at the end of the period		1,519	2,825

Reference 1: Customer Demographics

Size
(number of employees)

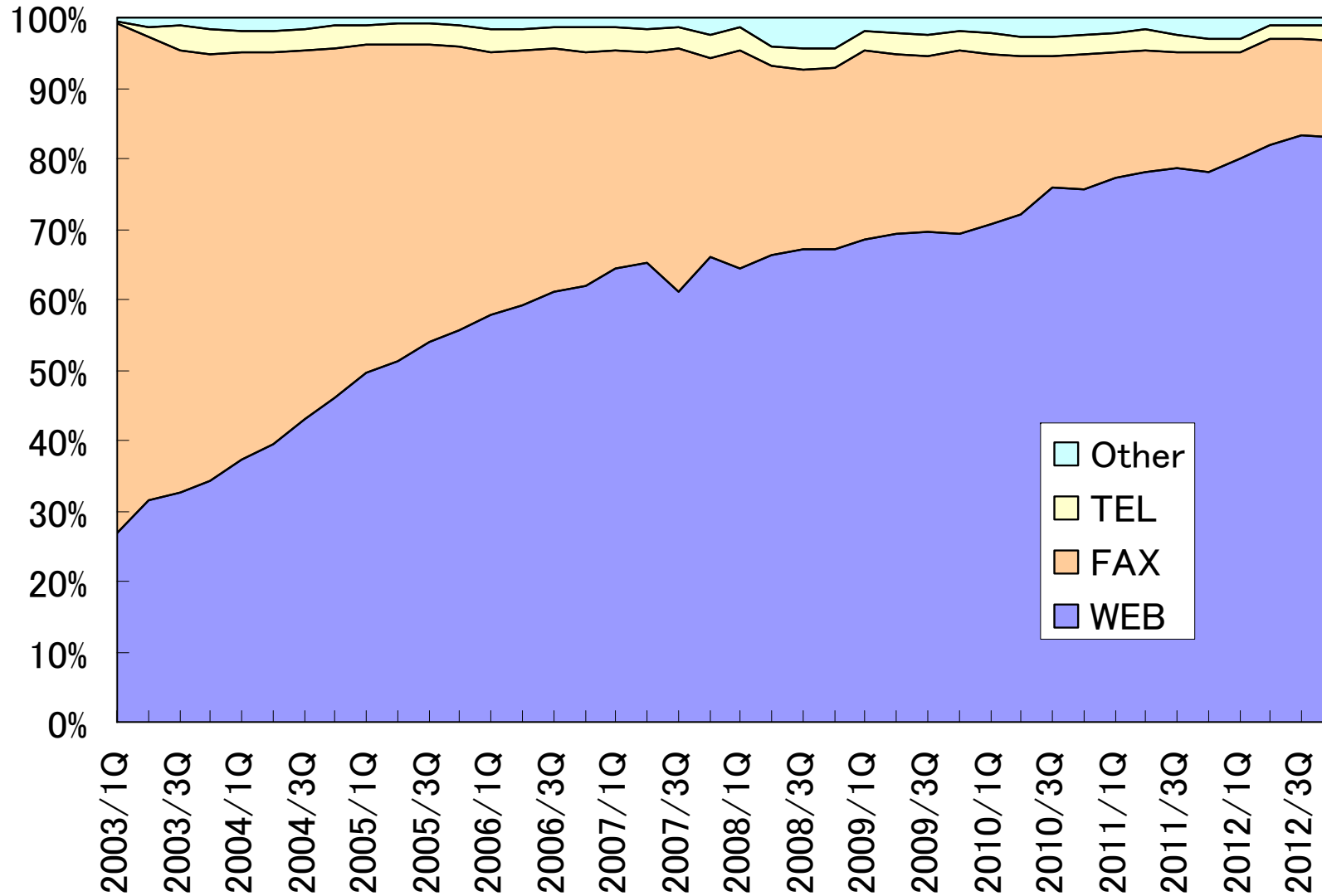


Industry



Ratio by sales amount in 2012

Reference 2 : Internet PO Ratio



Reference 3 : Other MRO Market Players

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

	W: Wholesaler R: Retailer	Upper : Sales Lower : Operating Profit (Yen MM)						Change 2007 to 2012
		2007	2008	2009	2010	2011	2012(P)	
Yuasa (8074) – (M)	W	468,476	426,262	309,196	355,910	396,732	410,000	-12.5%
		8,254	5,559	204	4,899	6,634	7,500	-9.1%
Yamazen (8051) – (M)	W	376,852	325,947	241,410	323,703	372,830	375,000	-0.5%
		11,518	6,807	836	7,415	10,528	11,000	-4.5%
Trusco (9830) – (M)	W	134,430	119,506	99,201	115,477	129,912	136,000	1.2%
		9,120	6,489	3,745	5,479	8,369	9,100	14.0%
Misumi (9962) – (M)	R	126,668	110,041	89,180	121,203	130,212	132,000	4.2%
		16,317	11,016	8,408	15,562	16,646	16,550	4.2%
Nichiden (9902) – (M)	W	92,745	80,741	58,639	79,606	84,687	82,000	-11.6%
		5,533	3,705	1,283	3,451	4,036	4,260	-23.0%
Naito (7624) – (F)	W	51,479	42,454	26,256	35,065	36,837	37,000	-28.1%
		1,343	371	-668	290	269	160	-70.2%
Sugimoto (9932) – (M)	W·R	41,461	34,168	24,724	29,420	30,477	32,000	-22.8%
		2,292	1,227	-84	845	929	1,250	-45.5%
Toba (7472) – (M)	R	25,800	19,489	11,438	17,581	19,180	20,000	-22.4%
		2,115	1,025	-28	762	1,077	1,100	-48.0%
Uematsu (9914) – (M)	R	7,647	6,470	4,428	5,477	5,933	6,000	-21.5%
		190	0	-161	9	37	46	-75.8%
MonotaRO (3064) – (D)	R	10,897	14,068	14,209	17,685	22,239	28,500	161.5%
		480	1,168	910	1,307	2,009	2,838	591.3%



Contact Us

MonotaRO Co.Ltd.

TEL: 81-6-4869-7190

FAX: 81-6-4869-7178

E-mail: pr@monotaro.com