




**Quarter 3, FY2017**  
**(Jan. to Sep. 2017)**

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**MonotaRO Co., Ltd.**  
**[www.monotaro.com](http://www.monotaro.com)**

# 1. Company Profile

MonotaRO means	<ul style="list-style-type: none"><li>• Maintenance, Repair, and Operation</li><li>• “The sufficient number of products” in Japanese</li><li>• Like “Momotaro,” fight against unfair-old distribution system</li></ul>	 <p>Image of “Momotaro” in Japanese folk tale</p>
MonotaRO Business	<ul style="list-style-type: none"><li>• Providing MRO products through Internet and catalogues, targeting small to mid-sized domestic manufacturers which are not treated well by conventional retailers.</li></ul>	
MRO products	<ul style="list-style-type: none"><li>• Cutting tools/Safety products/Bearings/Fasteners/Industrial equipment (number of product SKUs 13 million)</li></ul>	
Number of Customers	<ul style="list-style-type: none"><li>• Approximately 2.6 million</li></ul>	
Capital Stock	<ul style="list-style-type: none"><li>• 1.95 billion JPY or 17.3 million USD (USD1=JPY112.73)</li></ul>	
Number of Employees	<ul style="list-style-type: none"><li>• 1,549 including 368 regular employees (as of Sep. 30, 2017 consolidated)</li></ul>	
Head Office	<ul style="list-style-type: none"><li>• Amagasaki-city, Hyogo Prefecture</li></ul>	
Major Distribution Center	<ul style="list-style-type: none"><li>• Amagasaki-city, Hyogo Prefecture</li><li>• Kasama-city, Ibaraki Prefecture</li></ul>	

# 2. Product Categories

- Safety
- Packing, Material Handling, Cleaning
- Cutting Tools, Abrasives
- Measuring & Surveying tools
- Hand tools, Power tools, Pneumatics
- Chemicals, Adhesive, Welding
- Hydraulics, Pneumatics, Hose
- Bearing, Mechanical Parts, Caster
- Electrical
- Construction, Painting/Interior
- Air conditioning/Electric Facilities, Piping, Plumbing
- Fastener, Nail
- Auto/Cargo Truck Maintenance & Parts
- Motor Bike/Bicycle Maintenance & Parts
- Laboratory
- Kitchen Equipment & Supplies
- Agricultural Equipment & Supplies
- Medical & Nursing Care Equipment & Supplies
- Office Supplies, Tapes



# 3. Strength

## MonotaRO

## Conventional Supplier

### ■ Efficient Sales through Internet

- Sales through internet, targeting the whole of Japan, realizing economies of scale.
- Efficient promotions, leveraging IT and cutting-edge & data-base marketing.



- Labor Intensive and localized & small sized

### ■ One-Price Policy

- Providing same price to all customers on web site.
- Customers trust in our open, fair, and proper prices, and now they are free from bothers in asking quotes every time.



- Individual and unclear price

### ■ Product Availability

- Selling more than 13 million items; 500 thousand items are available for same day shipment.
- 305 thousand items out of the same day shipment products are in our inventory.



- Limited product availability and small selection

### ■ Private Label Brand and Direct Import Products

- Introducing our private label brand and direct import products, so that our customers can choose the best one to meet their needs among quite a few options.



- Sell mainly expensive top brand products

# 4. Marketing

## 1. Customer Acquisition

- Search engine marketing (SEO and paid search)
- Sending direct e-mail, flyers, and faxes to prospects
- Landing page improvement including enhancing search functions
- Broadcasting CM

## 2. Website

- Recommendations and personalized contents

## 3. Direct e-mail, Flyers, and Faxes

- Semi-personalized contents

## 4. Direct Mail Flyers

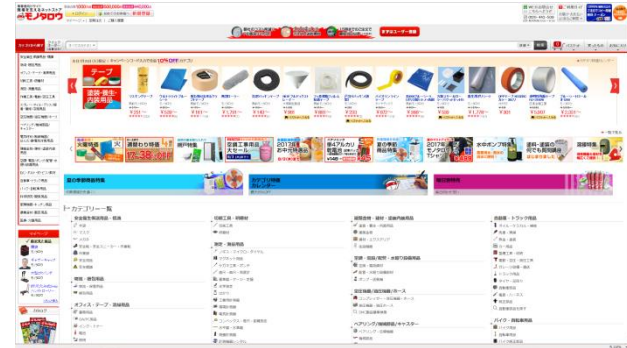
- Small batches of on-demand printed fliers with DTP

## 5. Catalogue

- 19 separate volumes for better targeting

## 6. Data Mining and Campaign Management

- Personalized promotion for more effectiveness and efficiency



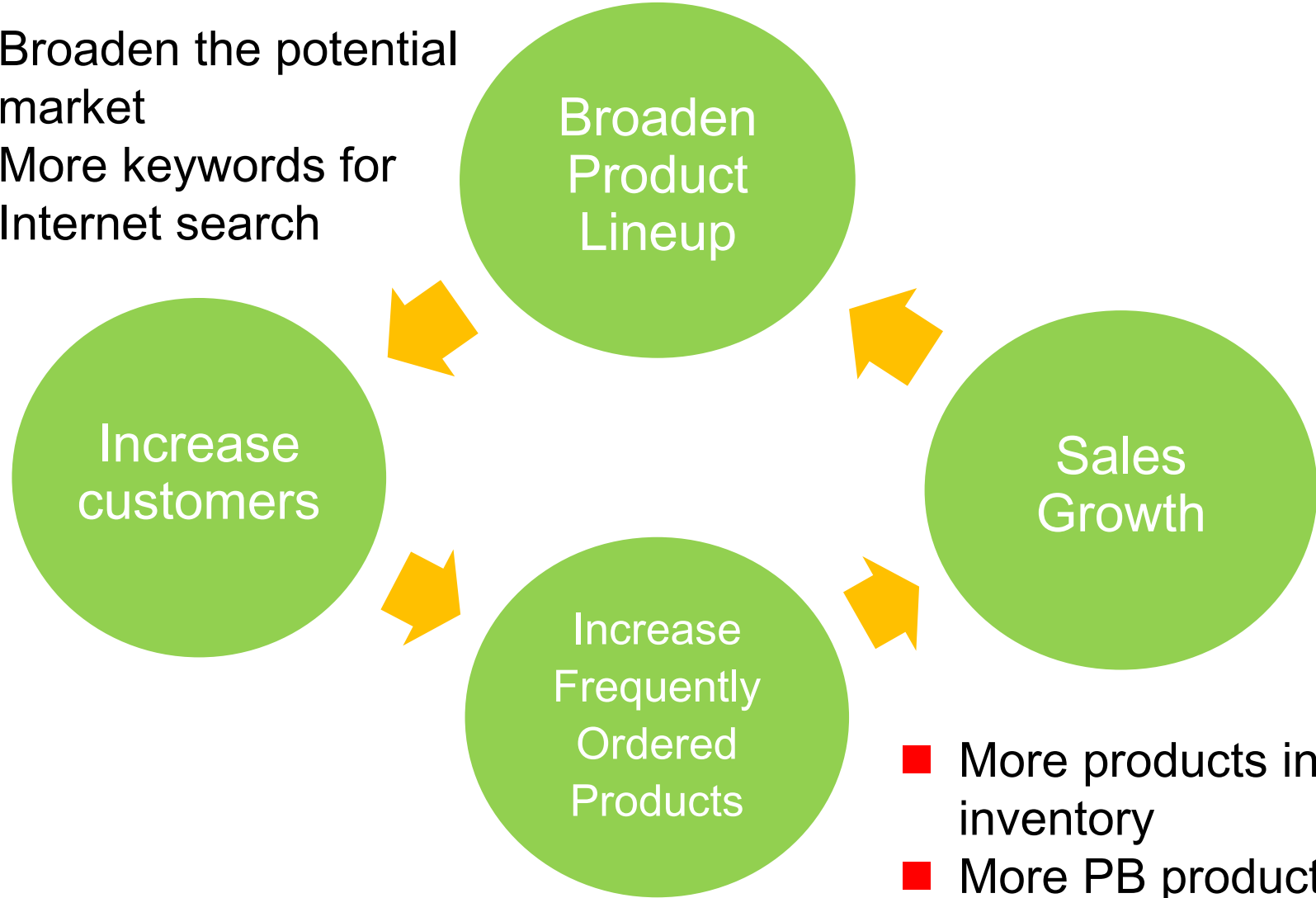
# 5. Procurement

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- Enhancement of Product Sources
  - Developing new suppliers and new products through various channels
- Direct Import and Private Brand Products
  - Higher Margin
  - Unique competitive advantage

# 6-1. Growth – Development Cycle

- Broaden the potential market
- More keywords for Internet search



- More products in inventory
- More PB products

## 6-2. Growth – Industrial Beachhead Expansion

2002

- Started with small-to-mid sized manufacturing companies, iron works, metal works, and machine assembly companies

2008

- Entered automotive aftermarket

2009

- Entered independent contractor market

2010

- Introduced laboratory products
- Started US business with providing consulting service to Zoro Tools
- Business with large corporations started to grow

2011

- Established Tagajyo Distribution Center in Miyagi Prefecture

2013

- Started South Korean business by establishing a subsidiary NAVIMRO

2014

- Established Amagasaki Distribution Center in Hyogo Prefecture
- Expanded product lineup: agricultural equipment and kitchen equipment
- Introduced “MonotaRO One Source” procurement system for large corporations

2015

- Introduced medical & nursing care equipment category

2016

- Started Indonesian business by acquiring majority (51%) of PT MONOTARO INDONESIA and consolidated to MonotaRO's in Q4

2017

- Established Kasama Distribution Center in Ibaraki Prefecture
- Introduced simplified and easy-installation system “MonotaRO One Source Lite” for large corporations
- Closed Tagajyo Distribution Center



## 7-1. (Non-consolidated) 2017Q3 Cumulative Financial Result Outline

- **Sales: 61,388 million JPY (YonY +25.8%, A/F +4.6%)**
  - Strengthening listing ad., improving landing pages including enhancing search functions, and broadcasting TVCM contribute to acquiring new customers (1-3Q: +390 thou. & Sep. 49.3 thou. highest ever), and implementing campaign for raising usage frequencies, working on logistic system, favorable macro economic condition, and etc. result in increase in existing customer sales. Overall sales therefore exceeds last year and Plan.
  - Number of new customer of and sales to large corporations exceed last year and Plan.
- **Gross Profit: 19,121 million JPY (YonY +23.4%, A/F +2.7%)**
  - Gross Profit (GP) % decreases from last year by 0.6 pt.. If effect of accounting policy change is removed, GP% is 31.6% (※) and 0.1 pt. lower than last year. Increase in NB/domestic goods sales ratio as sales goes up and increase in costs to improve delivery services from Kasama DC can't be covered by improvement in PB/imported goods' GP %.
  - GP% is 0.6 pt. lower than Plan due mainly to increased sales ratio of NB/domestic goods, to decrease in purchase amount per order resulting from campaign for improving usage frequencies, and to delivery charge hike.
- **SG&A Expense: 10,301 million JPY (YonY +22.4%, A/F +3.5%)**
  - SG&A Expense % decreases from last year by 0.4 pt.. If effect of accounting policy change is removed, SG&A Exp.% is 17.3% (※) and 0.1 pt. higher than last year. While sales ratios of expenses other than Distribution-related Cost decrease as sales goes up, expenses incurred to launch Kasama DC results in higher SG&A Expense % than last year.
  - SG&A Exp. % decreases from Plan by 0.2% due mainly to lower sales ratios of non-Distribution-related Costs as sales goes beyond Plan.
- **Operating Income: 8,819 million JPY (YonY +24.7%, A/F +1.8%)**
- **Net Income: 6,248 million JPY (YonY +32.0%, A/F +5.1%)**
  - Lower corporate tax (lower effective corporate tax rate and tax benefit for investment in Kasama DC) etc. results in higher Net Income than last year.
  - Net Income higher than Plan due to tax benefit for investment in Kasama DC.

※ Credit Card Payment Charge is reported as COGS from FY2017, while it had been reported as SG&A Expense in and before FY2016.

## 7-2. (Non-consolidated) 2017Q3 Cumulative Financial Result P/L

	Jan. – Sep. 2016 Result		Jan. – Sep. 2017 Result		
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY
Sales	48,812		61,388		+25.8%
Gross Profit	15,490	31.7%	19,121	31.1%	+23.4%
SG&A Exp.	8,418	17.2%	10,301	16.8%	+22.4%
Operating Income	7,071	14.5%	8,819	14.4%	+24.7%
Current Income	7,075	14.5%	8,871	14.5%	+25.4%
Net Income	4,732	9.7%	6,248	10.2%	+32.0%

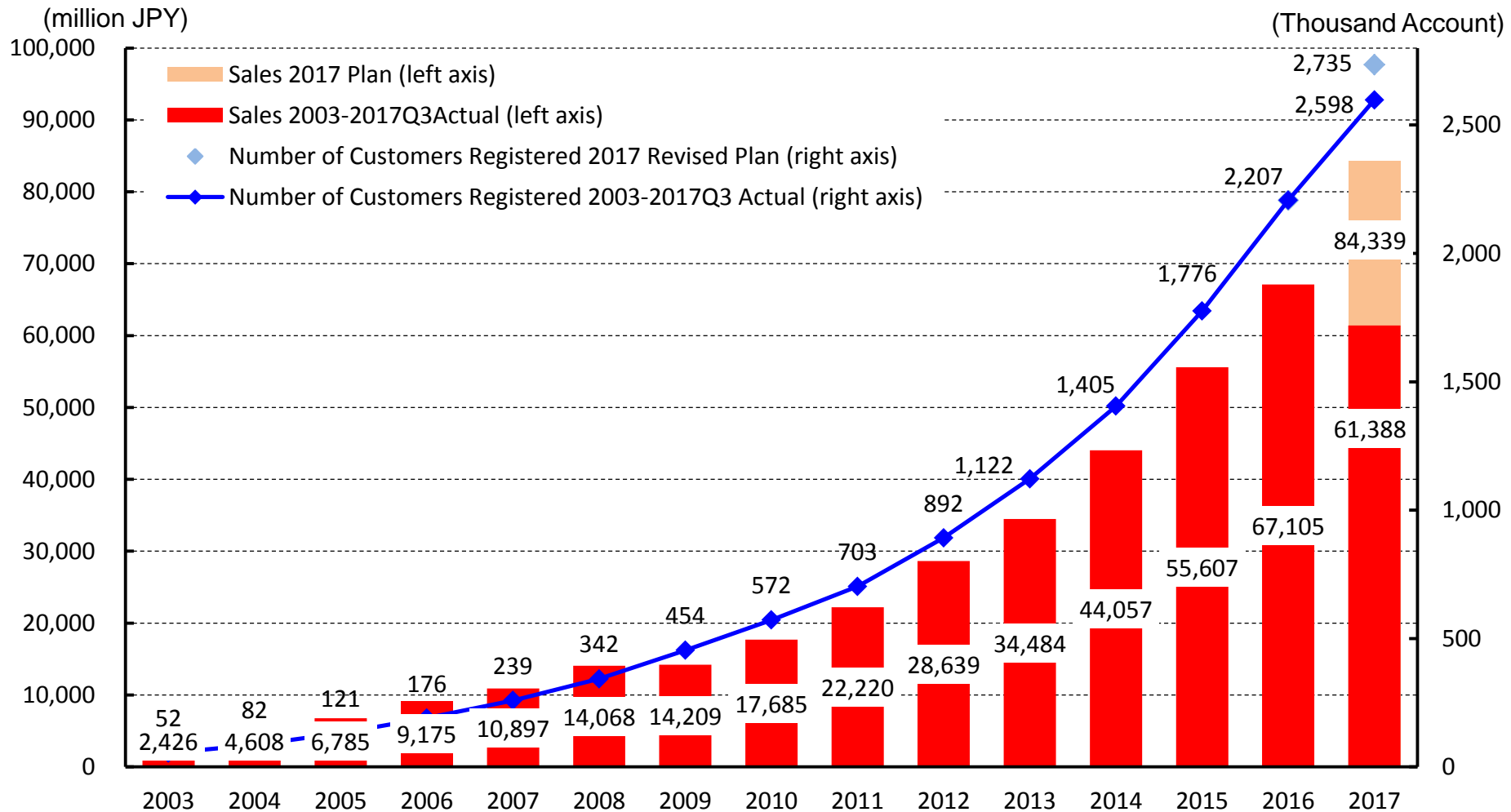
## 7-3. (Non-consolidated) 2017Q3 Financial Result B/S

	Sep. 2016	Dec. 2016	Sep. 2017	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Assets</b>				
Cash	6,065	6,536	4,703	11.8%
Accounts Receivable	6,908	7,502	9,576	24.1%
Inventory	5,718	5,704	7,738	19.5%
Other	2,802	3,037	3,664	9.2%
<b>Total Current Asset</b>	<b>21,495</b>	<b>22,780</b>	<b>25,683</b>	<b>64.6%</b>
Tangible Fixed Asset	7,380	10,298	10,036	25.2%
Intangible Fixed Assets	1,040	1,054	1,212	3.1%
Other	2,685	2,681	2,832	7.1%
<b>Total Fixed Asset</b>	<b>11,106</b>	<b>14,034</b>	<b>14,082</b>	<b>35.4%</b>
<b>Total Assets</b>	<b>32,601</b>	<b>36,814</b>	<b>39,765</b>	

	Sep. 2016	Dec. 2016	Sep. 2017	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Liabilities</b>				
Accounts Payable	4,712	5,063	5,997	15.1%
Short-term Debt & etc.	225	225	2,150	5.4%
Others	4,689	6,692	4,309	10.8%
<b>Total Current Liabilities</b>	<b>9,626</b>	<b>11,981</b>	<b>12,457</b>	<b>31.3%</b>
<b>Total Long term Liabilities</b>	<b>6,809</b>	<b>6,750</b>	<b>5,446</b>	<b>13.7%</b>
<b>Total Liabilities</b>	<b>16,435</b>	<b>18,732</b>	<b>17,904</b>	<b>45.0%</b>
<b>Net Assets</b>				
Shareholder's Equity	16,109	18,026	21,808	54.8%
Others	56	55	52	0.1%
<b>Total Net Assets</b>	<b>16,166</b>	<b>18,081</b>	<b>21,861</b>	<b>55.0%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>32,601</b>	<b>36,814</b>	<b>39,765</b>	

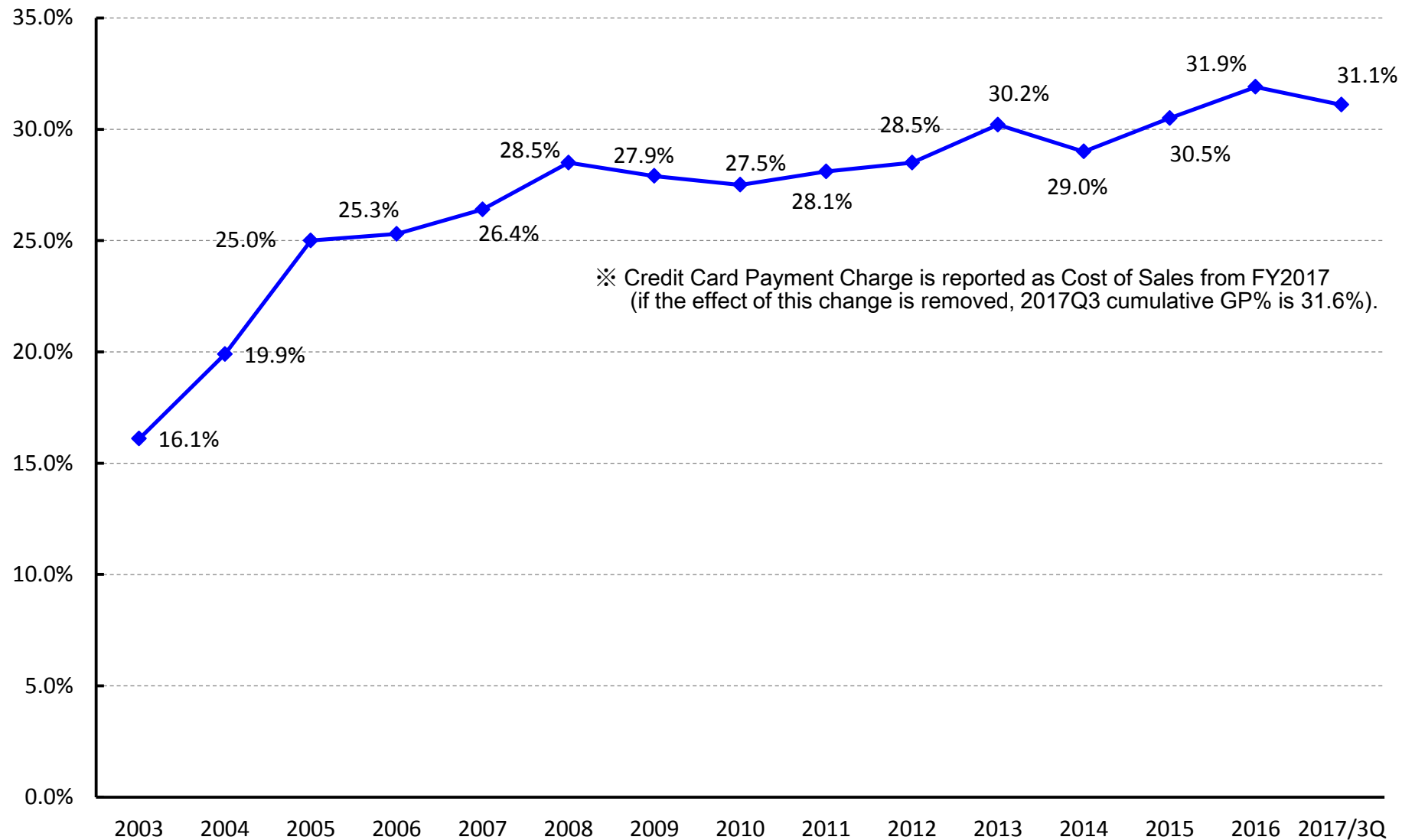
Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

# 8-1. (Non-consolidated) Progress – Sales & Customer

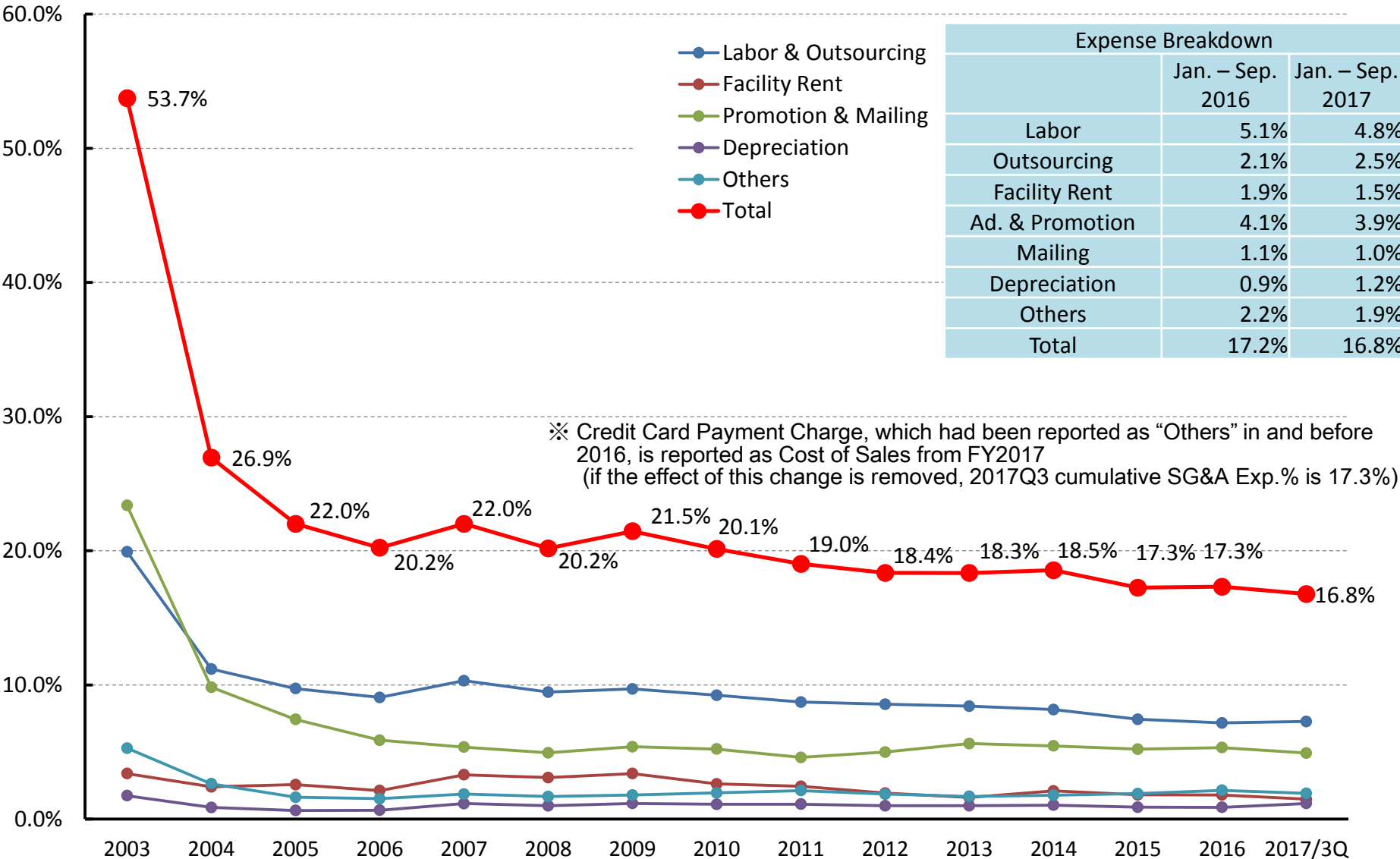


	Dec. 2016	Sep. 2017		Dec. 2017 (Revised Plan)	
Number of Customers (Registered Accounts)	2,207,427	2,598,187	+390,760 (vs. Dec. 2016)	2,735,427	+528,000 (vs. Dec. 2016)

# 8-2. (Non-consolidated) Progress – Gross Profit



# 8-3. (Non-consolidated) Progress – SG&A Expense



## 9-1. (Consolidated) 2017Q3 Cumulative Financial Result P/L

	Jan. – Sep. 2016 Result		Jan. – Sep. 2017 Result		
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY
Sales	<b>50,553</b>		<b>64,057</b>		+26.7%
Gross Profit	<b>15,833</b>	31.3%	<b>19,637</b>	30.7%	+24.0%
SG&A Exp.	<b>8,960</b>	17.7%	<b>11,078</b>	17.3%	+23.6%
Operating Income	<b>6,873</b>	13.6%	<b>8,559</b>	13.4%	+24.5%
Current Income	<b>6,874</b>	13.6%	<b>8,620</b>	13.5%	+25.4%
Net Income	<b>4,535</b>	9.0%	<b>5,996</b>	9.4%	+32.2%
Net Income attributable to owners of the parent	<b>4,535</b>	9.0%	<b>6,053</b>	9.4%	+33.5%

## 9-2. (Consolidated) 2017Q3 Financial Result B/S

	Sep. 2016	Dec. 2016	Sep. 2017	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Assets</b>				
Cash	6,710	7,229	5,315	13.6%
Accounts Receivable	6,989	7,569	9,609	24.6%
Inventory	5,967	5,993	8,075	20.7%
Other	2,859	3,089	3,754	9.6%
<b>Total Current Asset</b>	<b>22,526</b>	<b>23,881</b>	<b>26,755</b>	<b>68.5%</b>
Tangible Fixed Asset	7,416	10,331	10,059	25.8%
Intangible Fixed Assets	1,185	1,204	1,346	3.4%
Other	936	936	895	2.3%
<b>Total Fixed Asset</b>	<b>9,538</b>	<b>12,471</b>	<b>12,301</b>	<b>31.5%</b>
<b>Total Assets</b>	<b>32,065</b>	<b>36,353</b>	<b>39,056</b>	

	Sep. 2016	Dec. 2016	Sep. 2017	
	Million JPY	Million JPY	Million JPY	Ratio
<b>Liabilities</b>				
Accounts Payable	4,894	5,302	6,244	16.0%
Short-term Debt & etc.	225	225	2,150	5.5%
Others	4,759	6,780	4,404	11.3%
<b>Total Current Liabilities</b>	<b>9,878</b>	<b>12,308</b>	<b>12,799</b>	<b>32.8%</b>
<b>Total Long term Liabilities</b>	<b>6,830</b>	<b>6,781</b>	<b>5,472</b>	<b>14.0%</b>
<b>Total Liabilities</b>	<b>16,708</b>	<b>19,089</b>	<b>18,272</b>	<b>46.8%</b>
<b>Net Assets</b>				
Shareholder's Equity	15,133	16,983	20,571	52.7%
Others	224	279	213	0.5%
<b>Total Net Assets</b>	<b>15,357</b>	<b>17,263</b>	<b>20,784</b>	<b>53.2%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>32,065</b>	<b>36,353</b>	<b>39,056</b>	

Short-term Debt & etc. includes short-term debt & current portion of long-term debt.



## 9-3. (Consolidated) 2017Q3 Cumulative Financial Result C/F

	Jan. – Sep. 2016	Jan. – Sep. 2017
	Million JPY	Million JPY
<b>Cash Flow from Operating Activity</b>		
Net Income before Tax	6,873	8,617
Increase or Decrease in Accounts Receivable	△829	△2,041
Increase or Decrease in Inventory	△564	△2,076
Increase or Decrease in Accounts Payable ((△) decrease)	488	937
Tax payment	△3,384	△3,373
Others	63	468
Total	2,646	2,531
<b>Cash Flow from Investing Activity</b>		
Acquisition of Tangible Assets	△4,629	△3,206
Acquisition of Intangible Assets	△312	△438
Others	632	521
Total	△4,309	△3,123
<b>Cash Flow from Financing Activity</b>		
Repayments of Lease Obligations	△275	△1,117
Proceeds from Sales & Leasebacks	—	2,440
Dividend	△1,971	△2,470
Others	△233	△169
Total	△2,480	△1,317
Currency Exchange Adjustment	△35	△3
Net Increase/Decrease of Cash and Cash Equivalent	△4,178	△1,913
Cash and Cash Equivalent at Beginning of Period	10,598	7,229
Cash and Cash Equivalent at End of Period	6,419	5,315

# 10-1. FY2017 Revised Plan – Outline

- **Sales: 88,006 million JPY (YonY +26.4%, /Original Plan +4.5%)**  
【Parent Company MonotaRO】
  - Actions (strengthening listing ad., landing page improvement, TVCM, etc.) are so far successful, and new customer acquisition for 1-3Q goes higher than Original Plan. Continuing efforts to expand acquisitions to 528 thou. (Original Plan 482: thou.).
  - Continuing campaign to increase usage frequencies and working on shortening farther lead time contribute to increasing existing customers' sales.
  - Large corporation sales plan is revised upward as customer number and usage increase.
- **Gross Profit: 26,905 million JPY (YonY +22.9%, /Original Plan +2.8%)**
  - Increase in NB/domestic goods sales ratio as overall sales increases, improved usage frequencies resulting in lower amount per order causing increase in sales ratio of delivery charge, and delivery charge hike cause GP% to be lower than Original Plan.
- **SG&A Expense: 15,110 million JPY (YonY +21.8%, /Original Plan +3.6%)**
  - Sales ratio of Distribution-related Costs increases from Original Plan. Increases in other expenses, however, are closely managed; therefore, SG&A sales ratio improves.
- **Operating Income: 11,795 million JPY (YonY +24.2%, /Original Plan +1.7%)**  
【Overseas Subsidiary】
  - NAVIMRO and MONOTARO INDONESIA stay about equal to Original Plan.
- **Net Income: 8,295 million JPY (YonY +30.6%, /Original Plan +5.8%)**
  - Due to higher sales and to tax benefit of investment for improving productivities (Kasama DC), Net Income increases.

## 10-2. (Consolidated) FY2017 Revised Plan – P/L

	FY2016 Result		FY2017 Original Plan		FY2017 Revised Plan			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	/Original Plan
Sales	<b>69,647</b>		<b>84,239</b>		<b>88,006</b>		+26.4%	+4.5%
Gross Profit	<b>21,895</b>	31.4%	<b>26,182</b>	31.1%	<b>26,905</b>	30.6%	+22.9%	+2.8%
SGA Expense	<b>12,401</b>	17.8%	<b>14,585</b>	17.3%	<b>15,110</b>	17.2%	+21.8%	+3.6%
Operating Income	<b>9,493</b>	13.6%	<b>11,596</b>	13.8%	<b>11,795</b>	13.4%	+24.2%	+1.7%
Current Income	<b>9,514</b>	13.7%	<b>11,607</b>	13.8%	<b>11,798</b>	13.4%	+24.0%	+1.6%
Net Income	<b>6,349</b>	9.1%	<b>7,840</b>	9.3%	<b>8,295</b>	9.4%	+30.6%	+5.8%
Net Income attributable to owners of the parent	<b>6,368</b>	9.1%	<b>7,934</b>	9.4%	<b>8,376</b>	9.5%	+31.5%	+5.6%

## 10-3. (Non-consolidated) FY2017 Revised Plan – P/L

	FY2016 Result		FY2017 Original Plan		FY2017 Revised Plan			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	/Original Plan
Sales	<b>67,105</b>		<b>80,240</b>		<b>84,339</b>		+25.7%	+5.1%
Gross Profit	<b>21,406</b>	31.9%	<b>25,376</b>	31.6%	<b>26,174</b>	31.0%	+22.3%	+3.1%
SGA Expense	<b>11,624</b>	17.3%	<b>13,436</b>	16.7%	<b>14,056</b>	16.7%	+20.9%	+4.6%
Operating Income	<b>9,782</b>	14.6%	<b>11,939</b>	14.9%	<b>12,117</b>	14.4%	+23.9%	+1.5%
Current Income	<b>9,800</b>	14.6%	<b>11,939</b>	14.9%	<b>12,109</b>	14.4%	+23.6%	+1.4%
Net Income	<b>6,631</b>	9.9%	<b>8,172</b>	10.2%	<b>8,608</b>	10.2%	+29.8%	+5.3%

# 11-1. 2017Q3 Business Strategy Update – 1/3

## ■ Platform for MRO Procurement

- Expanding Customer Base
  - Customer acquisition from Jan. to Sep. is higher than Plan. Continuing to improve listing ad. and landing page and to broadcast TVCM for acquiring more new customers.
- Expanding Sales to Existing Customers
  - Continuing campaigns for raising frequencies of usage and working on shortening lead time for increasing purchase amount per customer.
- Expanding Goods Lineup
  - Number of goods for sale is expanded to 13 million.

## ■ Business with Large Corporations

- 2017Q3 result:
  - Number of corporations 410 (since Dec. 31, 2016 +101), 6.23 billion JPY sales (YonY +57%)
- MonotaRO One Source
  - 11 corporations employed (since Dec. 31, 2016 +2), and 2 considering
- MonotaRO One Source Lite
  - 46 corporations employed (released last March), and 37 considering

## ■ Overseas Expansion

- NAVIMRO (South Korea): Sales Plan is not attained. Operating Loss is about equal to Plan.
  - 2017Q3 cumulative result: Sales 2,540 million JPY (YonY +46.0%, +38.6% in local currency) and Operating Loss 120 million JPY (single month break-even is attained in Jul. and annual break-even in 2018 is planned to attain).
- MONOTARO INDONESIA (Indonesia)
  - 2017Q3 cumulative result: Sales 130 million JPY (consolidated in Oct. 2016)
- Consulting / Royalty Business
  - Higher than last year as business grows but lower than Plan.

# 11-2. 2017Q3 Business Strategy Update – 2/3

## ■ Situation of Distribution Operation as Launch of Kasama DC

- Operation is being increased in line with Plan since April 2017.
- Increased number of shipments due to higher sales than Plan and increased number of items shifted from Kasama DC are handled at Amagasaki DC with more staffs from temp agencies. This causes sales ratios of Labor & Outsourcing Expenses to increase, which thus leads to higher sales ratio of Distribution-related Cost of SG&A Expenses in 2017 1<sup>st</sup> Half.
- From Jul., working to improve inventory & shipping balance between two DCs. To maximize utilization of its high productive resources, Kasama DC prioritizes keeping highly demanded goods in stock toward end of Q4 to increase number of items handled there. This leads sales ratio of Distribution-related Cost in 2017 2<sup>nd</sup> Half equal to or lower than 2016 2<sup>nd</sup> Half level.
  - Actual inventory end of Sep.: 170 thou. SKUs. Planned inventory end of Dec.: 180 thou. SKUs or higher.



	2016Q3 Cumulative Result		2017Q3 Cumulative Result		
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY
Sales (Non-consolidated)	48,812		61,388		+25.8%
Depreciation	142	0.3%	399	0.7%	+180.9%
Labor & Outsourcing	1,501	3.1%	2,091	3.4%	+39.3%
Facility Rent	839	1.7%	832	1.4%	△0.8%
Others	388	0.8%	582	0.9%	+50.0%
Total	2,871	5.9%	3,906	6.4%	+36.1%

# 11-3. 2017Q3 Business Strategy Update – 3/3

## ■ Distribution-related Cost (Results & Revised Plans)

	2016 1 <sup>st</sup> Half Result		2017 1 <sup>st</sup> Half Original Plan		2017 1 <sup>st</sup> Half Result			
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY	/Original Plan
Sales (Non-consolidated)	32,147		38,598		40,058		+24.6%	+3.8%
Depreciation	83	0.3%	232	0.6%	224	0.6%	+168.3%	△3.5%
Labor & Outsourcing	989	3.1%	1,215	3.1%	1,395	3.5%	+41.1%	+14.9%
Facility Rent	560	1.7%	563	1.5%	566	1.4%	+1.1%	+0.6%
Others	255	0.8%	434	1.1%	402	1.0%	+57.4%	△7.2%
Total	1,888	5.9%	2,445	6.3%	2,589	6.5%	+37.1%	+5.9%

	2016 2 <sup>nd</sup> Half Result		2017 2 <sup>nd</sup> Half Original Plan		2017 2 <sup>nd</sup> Half Revised Plan			
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY	/Original Plan
Sales (Non-consolidated)	34,958		41,641		44,280		+26.7%	+6.3%
Depreciation	118	0.3%	368	0.9%	355	0.8%	+200.5%	△3.6%
Labor & Outsourcing	1,089	3.1%	1,028	2.5%	1,354	3.1%	+24.4%	+31.6%
Facility Rent	559	1.6%	510	1.2%	526	1.2%	△6.0%	+3.0%
Others	279	0.8%	330	0.8%	373	0.8%	+33.6%	+13.0%
Total	2,047	5.9%	2,238	5.4%	2,609	5.9%	+27.5%	+16.6%

	FY2016 Result		FY2017 Original Plan		FY2017 Revised Plan			
	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	Million JPY	Ratio to Sales	YonY	/Original Plan
Sales (Non-consolidated)	67,105		80,240		84,339		+25.7%	+5.1%
Depreciation	201	0.3%	600	0.7%	579	0.7%	+187.2%	△3.6%
Labor & Outsourcing	2,078	3.1%	2,243	2.8%	2,750	3.3%	+32.3%	+22.6%
Facility Rent	1,120	1.7%	1,073	1.3%	1,092	1.3%	△2.5%	+1.8%
Others	535	0.8%	764	1.0%	776	0.9%	+45.0%	+1.5%
Total	3,935	5.9%	4,683	5.8%	5,199	6.2%	+32.1%	+11.0%

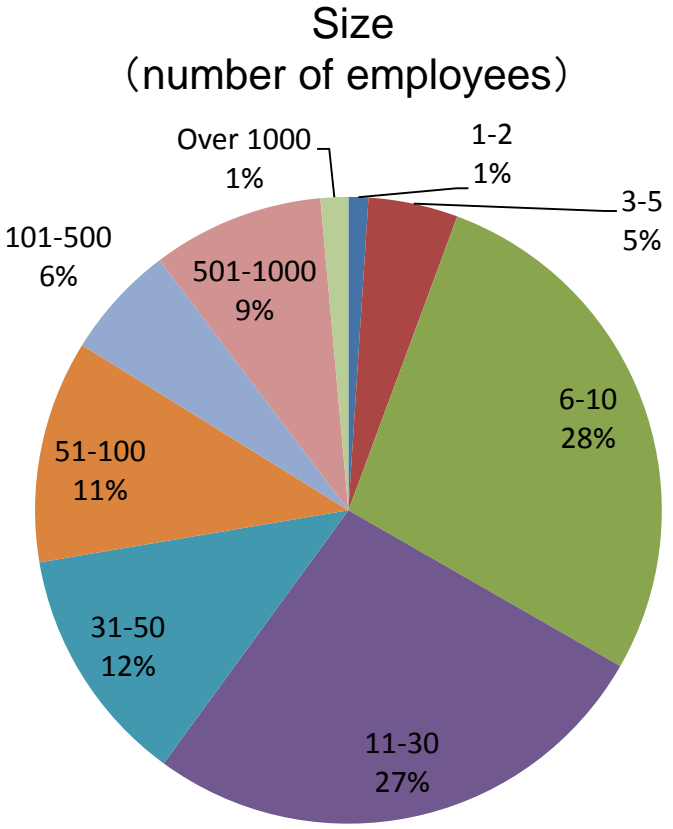
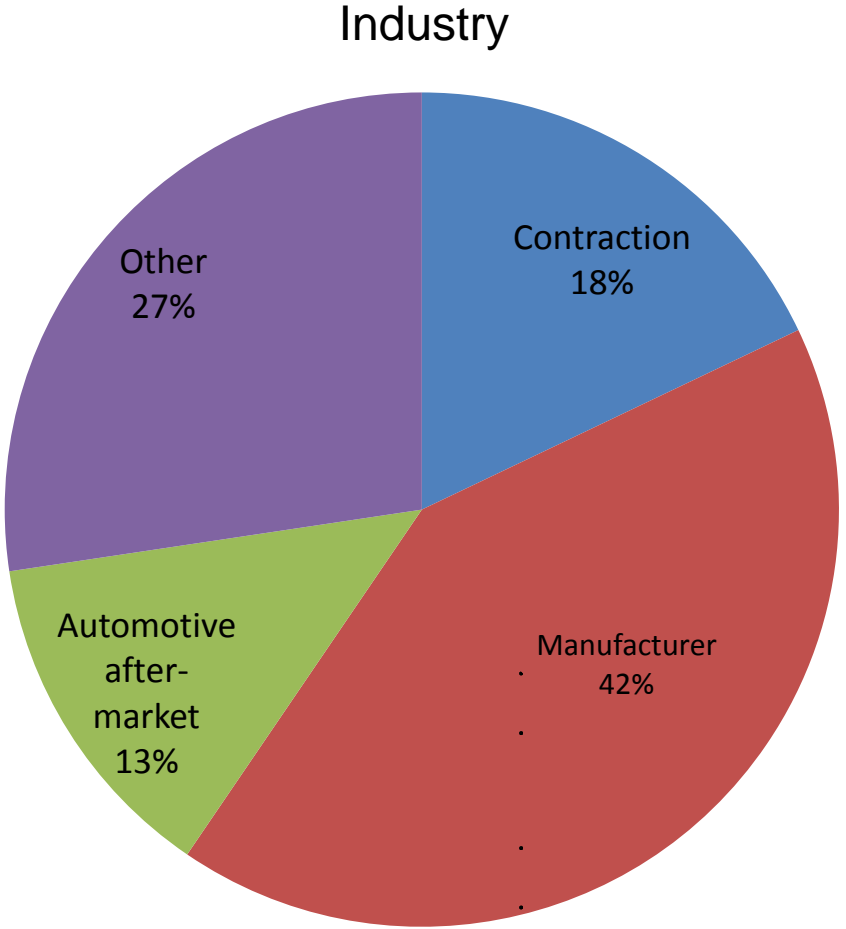
## 12. Financial Forecast Revision

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- From fiscal year of 2017 onward, if latest consolidated financial forecast is expected to exceed by one of the following fluctuation ranges from disclosed consolidated financial forecast, revised forecast is disclosed and announced.
  - Sales (consolidated):  $\pm 5\%$
  - Operating Income (consolidated):  $\pm 10\%$
  - Current Income (consolidated):  $\pm 10\%$
  - Net Income Attributable to Owners of Parent:  $\pm 10\%$
  
- At end of Q3, latest forecast of consolidated Sales increases from Original Plan by 4.5%, which is close to threshold. In addition, latest forecast of non-consolidated Sales increases from Original Plan by 5.1%; therefore, we decided to disclose Revised Plan.



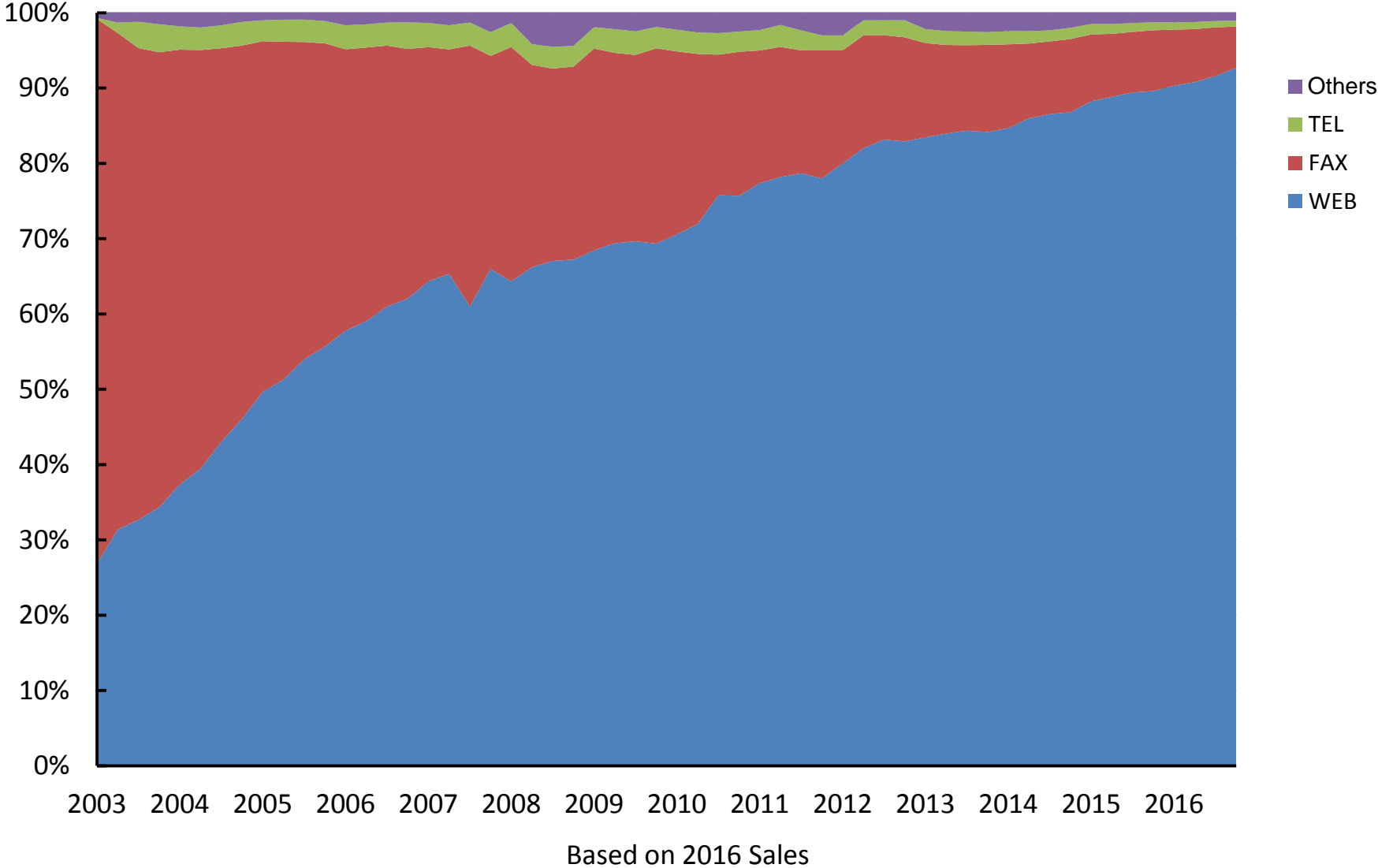
# Reference 1. Customer Demographics



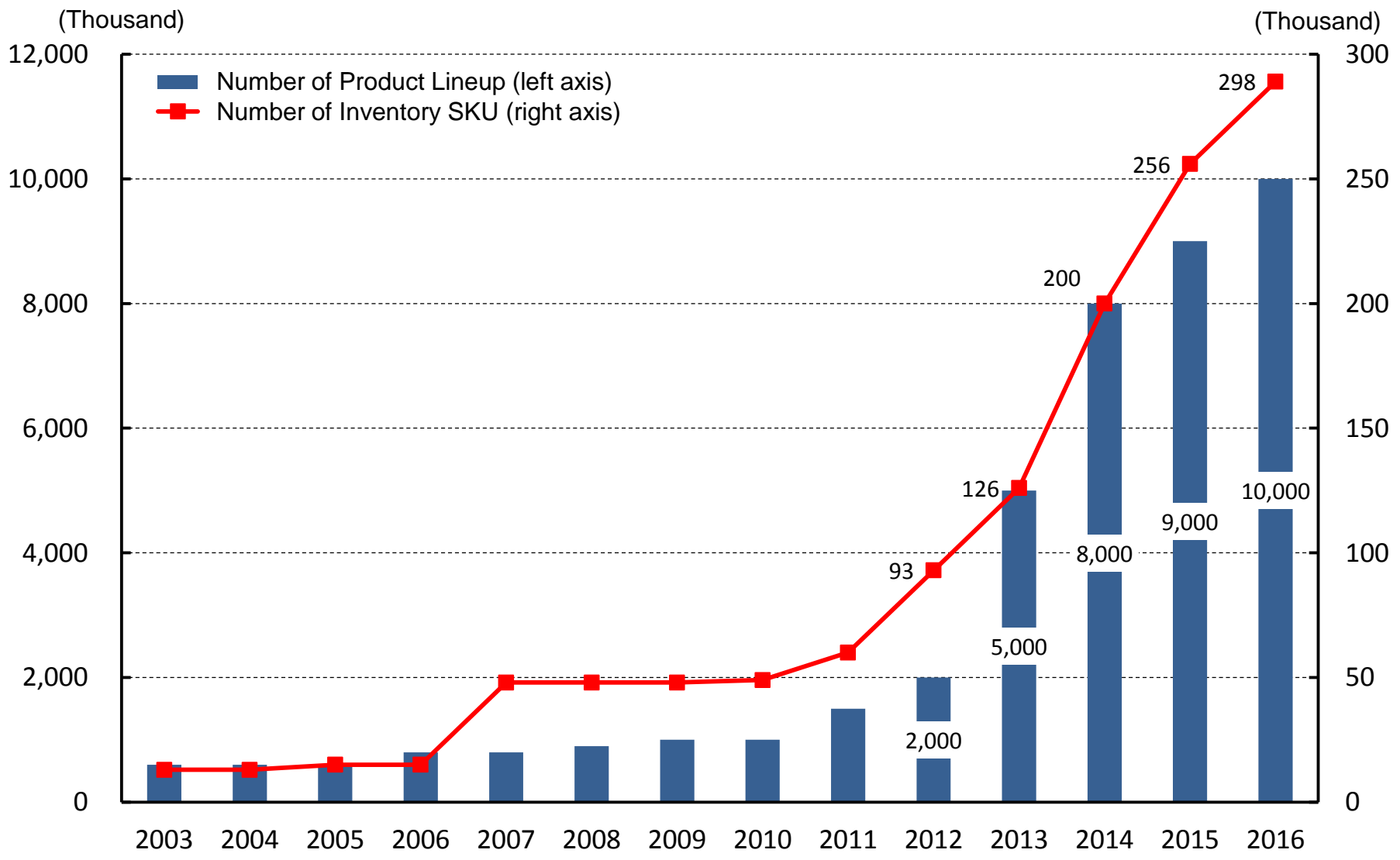
※ Circular chart shown above is based upon partial data since numbers of employees are optionally provided by customers in registration.

Ratio by sales amount in 2016  
(Sales through Shopping website-excluding sales through API connection)

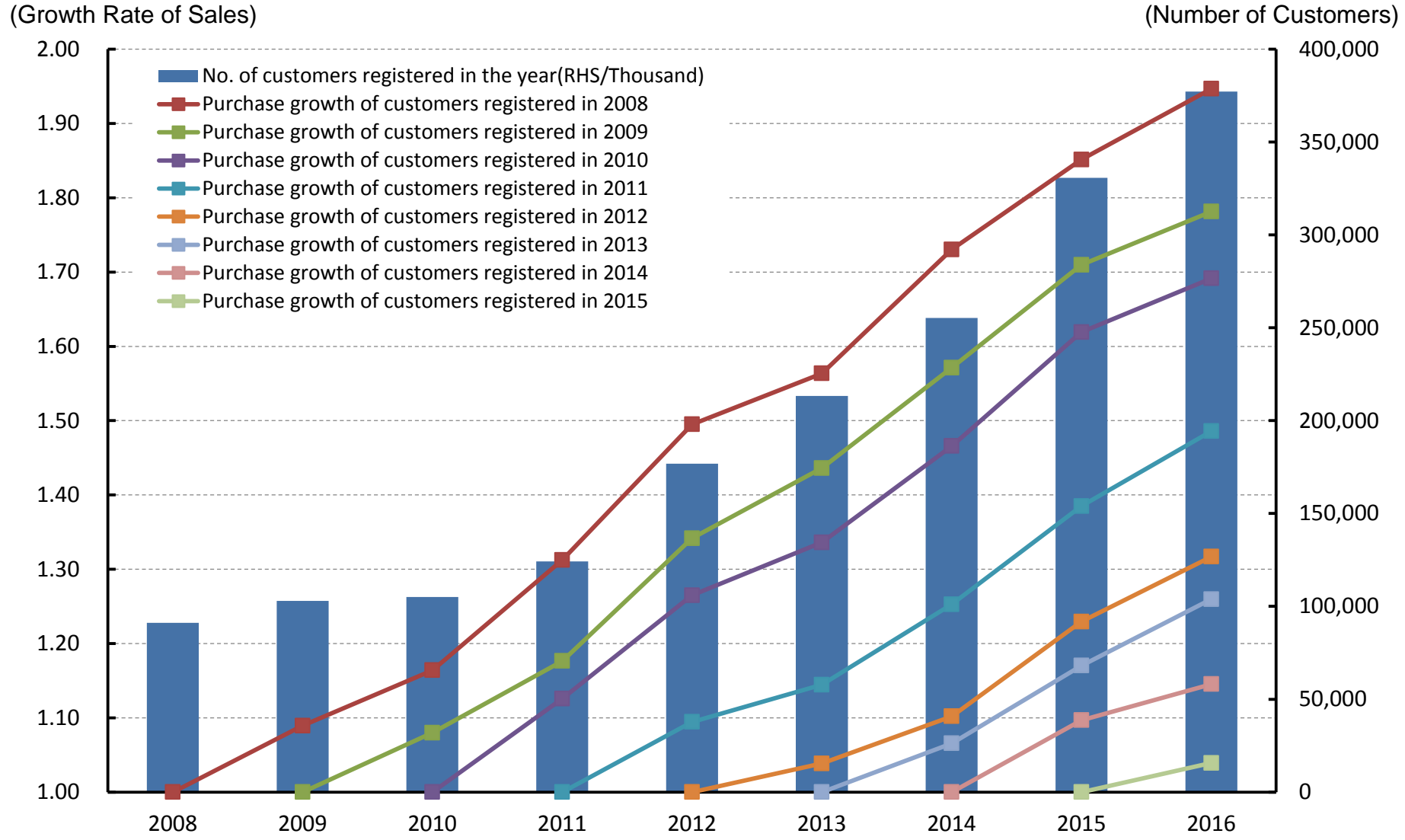
# Reference 2. Internet PO Ratio



# Reference 3. Product Lineup & Inventory



# Reference 4. Customers' Purchase Growth History



The history of the total purchase amounts of customers who registered in a year, setting total purchase amount in the first year as 1.

# Reference 5. Other MRO Market Players

Upper: Sales Lower: Operating Profit						Change
		2007	2009	2015	2016	2007 to 2016
Yuasa (8074) - (M)	Wholesaler	468,476	309,196	442,042	446,335	△4.7%
		8,254	204	10,357	10,923	+32.3%
Yamazen (8051) - (M)	Wholesaler	376,852	241,410	447,774	447,698	+18.8%
		11,518	836	13,258	13,113	+13.8%
Trusco (9830) - (D)	Wholesaler	134,430	99,201	166,565	177,053	+31.7%
		9,120	3,745	12,976	14,163	+55.3%
Misumi (9962) - (M)	Retailer	126,668	89,180	240,139	259,015	+104.5%
		16,317	8,408	25,690	27,127	+66.2%
Nichiden (9902) - (M)	Wholesaler	92,745	58,639	101,508	103,736	+11.9%
		5,533	1,283	5,066	5,037	△9.0%
NaI TO (7624) - (F)	Wholesaler	51,479	26,256	43,483	43,473	△15.6%
		1,343	-668	585	496	△63.1%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	24,724	41,361	41,597	+0.3%
		2,292	-84	1,843	1,950	△14.9%
Toba (7472) - (M)	Retailer	25,800	11,438	22,881	22,185	△14.0%
		2,115	-28	1,279	1,050	△50.4%
Uematsu (9914) - (M)	Retailer	7,647	4,428	5,755	6,212	△18.8%
		190	-161	0	40	△78.9%
MonotaRO (3064) - (D)	Retailer	10,897	14,209	57,563	69,647	+539.1%
		480	910	7,087	9,493	+1877.7%

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

As of October 27, 2017



### Cautionary Statement concerning Forward-looking Statements

This presentation may include forward-looking statements relating to our future plans, forecasts, objectives, expectations, and intentions. Actual results may differ materially, for a wide range of possible reasons. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements.

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