




Fiscal Year of 2018

(Jan. to Dec. 2018)

MonotaRO Co., Ltd.
www.monotaro.com

1. Company Profile

MonotaRO means	<ul style="list-style-type: none">• Maintenance, Repair, and Operation• “The sufficient number of products” in Japanese• Like “Momotaro,” fight against unfair-old distribution system	 <p>Image of “Momotaro” in Japanese folk tale</p>
MonotaRO Business	<ul style="list-style-type: none">• Providing MRO products through Internet and catalogs, targeting small to mid-sized domestic manufacturers which are not treated well by conventional retailers.	
MRO products	<ul style="list-style-type: none">• Cutting tools/Safety products/Bearings/Fasteners/Industrial equipment (number of product SKU 17 million as of Dec. 2018)	
Number of Customers	<ul style="list-style-type: none">• More than 3.3 million	
Capital Stock	<ul style="list-style-type: none">• 1.97 billion JPY or 17.8 million USD (USD1=JPY111.00)	
Number of Employees	<ul style="list-style-type: none">• 2,064 including 480 regular employees (as of Dec. 31, 2018 consolidated)	
Head Office	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture	
Major Distribution Center	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture• Kasama-city, Ibaraki Prefecture• Sapporo-city, Hokkaido Prefecture	

2. Product Category

- Safety Protection, Wear, Shoes
- Logistic, Packing & Handling Material, Safety Signs
- Office, Tape, Cleaning
- Cutting Tools, Abrasives
- Measuring & Surveying Tools
- Hand Tools, Power Tools, Pneumatics Tools
- Chemicals, Adhesive, Welding
- Hydraulics, Pneumatics, Hose
- Bearing, Mechanical Parts, Caster
- Electrical Parts, Control Equipment, Solder, Anti-static Elec.
- Construction, Painting, Interior
- Air Conditioning, Electric Facilities, Piping, Plumbing
- Screws, Bolts, Nails, Material
- Auto, Cargo Truck Maintenance & Parts (May 2008-)
- Motor Bike, Bicycle Maintenance & Parts
- Laboratory (Oct. 2010-)
- Kitchen Equipment & Supplies (May 2014-)
- Agricultural Equipment & Supplies (May 2014-)
- Medical & Nursing care Equipment & Supplies (May 2015-)



3. Strength

After (MonotaRO)

Efficient Sales through Internet

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

One-Price Policy

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

Product Availability

- Selling more than 17 million items; 524 thousand items are available for same day shipment.
- 411 thousand items out of the same day shipment products are in inventory.

Private Label Brand and Direct Import Products

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

Before (Conventional Suppliers)

- Labor Intensive and localized & small sized

- Individual and unclear price

- Limited product availability and small selection

- Sell mainly National Brand products

4. Marketing

1. Customer Acquisition

- Search engine marketing (SEO and paid search)
- Sending direct e-mail, flyers, and faxes to prospects
- 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 flyers with DTP

5. Catalog

- 19 separate volumes for better targeting

6. Data Mining and Campaign Management

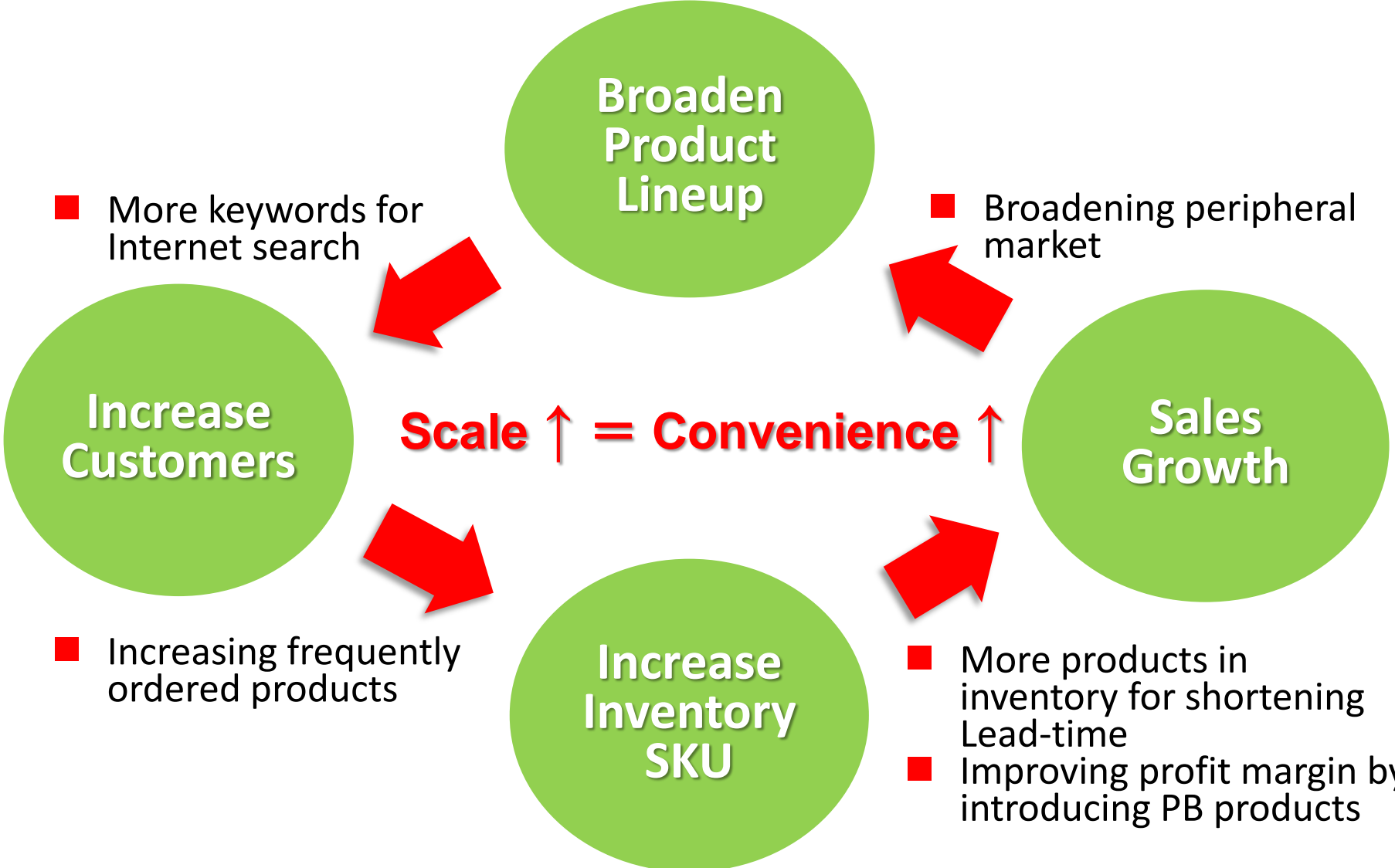
- Personalized promotion for more effectiveness and efficiency



5. Procurement

- Enhancement of Product Sources
 - Developing new suppliers and new products through various channels
- Direct Import and Private Brand Products
 - Higher margin with national brand quality maintained
 - Unique-competitive advantage

6-1. Growth – Development Cycle



6-2. Growth – Industrial Beachhead Expansion

2002	<ul style="list-style-type: none">• Started with small-to-mid sized manufacturing companies, iron works, metal works, and machine assembly companies
2008	<ul style="list-style-type: none">• Entered automotive aftermarket
2009	<ul style="list-style-type: none">• Entered independent contractor market
2010	<ul style="list-style-type: none">• Introduced laboratory products• Started US business with providing consulting service to Zoro Tools• Business with large corporations started to grow
2011	<ul style="list-style-type: none">• Established Tagajyo Distribution Center in Miyagi Prefecture
2013	<ul style="list-style-type: none">• Started South Korean business by establishing a subsidiary NAVIMRO
2014	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Introduced medical & nursing care equipment category
2016	<ul style="list-style-type: none">• Started Indonesian business by acquiring majority (51%) of PT MONOTARO INDONESIA and consolidated to MonotaRO’s in Q4
2017	<ul style="list-style-type: none">• Established Kasama Distribution Center in Ibaraki Prefecture• Introduced simplified and easy-installation system “MonotaRO One Source Lite” for large corporations• Closed Tagajyo Distribution Center• Established Hokkaido Distribution Center
2018	<ul style="list-style-type: none">• Established a real shop in Saga Prefecture for demonstration experiment• Launched business in Shanghai, China• Number of Accounts exceeded 3.3 million• Product lineup SKU exceeded 17 million

7-1. (Non-consolidated) 2018 Financial Result P/L Outline

■ Sales: 105,331 million JPY (YonY +24.4%, A/F +1.2%)

- Improving listing ad., working on search engine optimization (SEO), broadcasting new version of TV ad., expanding product lineup, etc. contributed to acquiring new customers (625 thousand). Due to continuous-expanding effect of campaign for raising usage frequency (started in Mar. 2017), etc. sales to existing customers increased. Monotaro.com sales exceeded last year and plan.
- Number of new customers of large corporations increased, and sales exceeded last year and plan.

Jan. – Dec. 2017 Result				Jan. – Dec. 2018 Plan			Jan. – Dec. 2018 Result				
No. Corp.	Million JPY	YonY	/Total Sales	Million JPY	YonY	/Total Sales	No. Corp.	Million JPY	YonY	A/F	/Total Sales
429	8,800	+58%	10.4%	12,900	+47%	12.5%	604	13,500	+54%	+5%	12.9%

■ Gross Profit: 31,147 million JPY (YonY +18.9%, A/F Δ 0.8%)

- Delivery charge hike, etc. increased delivery cost ratio (Δ 0.6 pt.), change in product mix and increase in large corp. sales (Δ 0.3 pt.), and decrease in consulting/royalty earnings from overseas, etc. resulted in lower Gross Profit (GP%) from Last Year by 1.4 pt.
- Continuous expanding effect of campaign for raising usage frequency and delivery charge hike, etc. increased delivery cost ratio (Δ 0.2 pt.) and decrease in consulting/royalty, etc. resulted in lower product GP% from Plan by 0.6 pt.

■ SG&A Expense: 16,868 million JPY (YonY +20.2%, A/F +0.8%)

- Although Outsourcing Expense ratio increased due to securing personnel for Amagasaki DC (decrease in productivity caused by weather factors) and for Amagasaki Call Center, sales increase and decrease of expenses concerning Kasama DC's launch last year not incurred this year contributed to decreasing SG&A ratio from last year by 0.6 pt.
- Although Outsourcing Expense ratio increased due to securing personnel for Amagasaki DC and for Amagasaki Call Center, decline of other expense amounts contributed to decreasing SG&A ratio from plan by 0.1 pt.

■ Operating Income: 14,278 million JPY (YonY +17.3%, A/F Δ 2.7 %)

■ Net Income: 9,825 million JPY (YonY +12.9%, A/F Δ 4.5%)

- Tax benefit granted last year for investment in Kasama DC for high-productivity not applicable, resulting in higher tax % this year and in lower Net Income (NI) % than last year by 1.0 pt.
- Because Op. Income fell below plan and tax benefits for salary growth included in plan was not granted, tax rate increased, resulting lower amount of NI and in lower NI% by 0.6pt.

7-2. (Non-consolidated) 2018 Financial Result P/L

	2017 Result		2018 Plan		2018 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	84,656		104,066		105,331		+24.4%	+1.2%
Gross Profit	26,204	31.0%	31,405	30.2%	31,147	29.6%	+18.9%	△0.8%
SG&A Exp.	14,035	16.6%	16,736	16.1%	16,868	16.0%	+20.2%	+0.8%
Operating Income	12,168	14.4%	14,668	14.1%	14,278	13.6%	+17.3%	△2.7%
Current Income	12,177	14.4%	14,590	14.0%	14,250	13.5%	+17.0%	△2.3%
Net Income (Tax Rate)	8,699 (28.5%)	10.3%	10,292 (29.4%)	9.9%	9,825 (30.9%)	9.3%	+12.9%	△4.5%

7-3. (Non-consolidated) 2018 Financial Result B/S

	Dec. 2017	Dec. 2018	
	Million JPY	Million JPY	Ratio
Assets			
Cash	8,097	11,610	22.5%
Accounts Receivable	9,977	11,476	22.2%
Inventory	7,689	9,543	18.5%
Other	3,861	4,421	8.6%
Total Current Asset	29,626	37,052	71.8%
Tangible Fixed Asset	9,852	9,598	18.6%
Intangible Fixed Assets	1,218	1,316	2.6%
Other	2,827	3,619	7.0%
Total Fixed Asset	13,898	14,533	28.2%
Total Assets	43,525	51,585	

	Dec. 2017	Dec. 2018	
	Million JPY	Million JPY	Ratio
Liabilities			
Accounts Payable	6,510	8,015	15.5%
Short-term Debt & etc.	2,125	2,000	3.9%
Others	5,150	7,523	14.6%
Total Current Liabilities	13,786	17,539	34.0%
Total Long term Liabilities	5,418	2,879	5.6%
Total Liabilities	19,205	20,419	39.6%
Net Assets			
Shareholder's Equity	24,281	31,130	60.3%
Others	38	35	0.1%
Total Net Assets	24,320	31,166	60.4%
Total Liabilities & Net Assets	43,525	51,585	

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

7-4. (Non-consolidated) Operating Income Change Factors

12,168 mil. JPY

+2,971 mil.JPY	<ul style="list-style-type: none"> Improving listing ad., SEO, new TV ad., expanding product lineup contributed for acquiring new customers. Expanding effect of raising usage frequency campaign (since Mar. 2017), sales to existing customers increased. Number of new customers of and sales to large corporations increased.
△1,456 mil. JPY	<ul style="list-style-type: none"> Delivery charge hike, etc. increased delivery cost ratio, change in product mix and increase in large corp. sales, and decrease in consulting/royalty earnings from overseas, etc. resulted in lower Gross GP% from last year.
+594 mil.JPY	<ul style="list-style-type: none"> SG&A decreased due to following reasons.
△187 mil.JPY	<ul style="list-style-type: none"> Increased due to securing personnel for Amagasaki DC (weather factor lowered productivity) and for Amagasaki Call Center.
+243 mil.JPY	<ul style="list-style-type: none"> Although expense amount increased due to campaigns for acquiring new customers, implementing efficient ad., and sales increase improved Ad. & Prom. Exp. Sales Ratio.
+172 mil.JPY	<ul style="list-style-type: none"> Although expense amount increased (Tokyo Office, Osaka Office, Amagasaki HQ expansion, Kasama Call Center, etc.), sales increase improved Facility Rental Charge Sales Ratio.
+101 mil.JPY	<ul style="list-style-type: none"> Although catalog shipping costs increased due to increased number of customers, sales increase contributed to improving Communication Expense Sales Ratio.
+83 mil.JPY	<ul style="list-style-type: none"> Although Depreciation Expenses for Kasama DC (launched in Apr. 2017) incurred for full fiscal year, sales increase contributed to improve Depreciation Expense Sales Ratio.
+27 mil.JPY	<ul style="list-style-type: none"> Despite recognition of liability 237 mill. JPY by incurring expense en bloc in applying retirement benefit accounting, sales increase improved Labor Expense Sales Ratio.
+154 mil.JPY	<ul style="list-style-type: none"> Expenses for launching Kasama DC were not incurred this year and negative expense of 270 mill. JPY was incurred en bloc in applying retirement benefit accounting (to recognize asset concerning retirement benefit). As a result, Other Exp. Sales Ratio improved.

14,278 mil. JPY (YonY: +2,109 mil. JPY, +17.3%)

※ Amounts are effects on O/P margin by changes of rates, not actual amounts.



8-1. (Consolidated) 2018 Financial Result P/L

	2017 Result		2018 Plan		2018 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	88,347		109,469		109,553		+24.0%	+0.1%
Gross Profit	26,929	30.5%	32,604	29.8%	32,027	29.2%	+18.9%	△1.8%
SG&A Exp.	15,091	17.1%	18,355	16.8%	18,236	16.6%	+20.8%	△0.6%
Operating Income	11,837	13.4%	14,249	13.0%	13,790	12.6%	+16.5%	△3.2%
Current Income	11,858	13.4%	14,191	13.0%	13,788	12.6%	+16.3%	△2.8%
Net Income (Tax Rate)	8,378 (29.3%)	9.5%	9,894 (30.2%)	9.0%	9,366 (32.0%)	8.6%	+11.8%	△5.3%
Net Income attributable to owners of the parent	8,464	9.6%	10,044	9.2%	9,515	8.7%	+12.4%	△5.3%

8-2. (Consolidated) 2018 Financial Result P/L Outline

■ NAVIMRO (South Korea)

- Sales grew by 10% YonY but was 10% below plan (in local currency) due to macro economic deterioration and to lower repeat rate of existing customers.
- Attaining fiscal year break-even postponed from 2018 to 2019.

	2017 Result			2018 Plan			2018 Result				
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	vs Plan	YonY (Local Currency)	vs Plan (Local Currency)
Sales	3,510	+40.9%	+32.4%	4,890	+39.4%	+32.8%	3,970	+13.2%	△18.8%	+12.0%	△15.7%
Op. Income	△130	—	—	20	—	—	△60	—	—	—	—

■ MONOTARO INDONESIA (Indonesia)

- Sales grew by 40% YonY but 30% below plan (in local currency) due to lower repeat rate of existing customers.
- Operating loss within plan.

	2017 Result			2018 Plan			2018 Result				
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	vs Plan	YonY (Local Currency)	vs Plan (Local Currency)
Sales	190	—	—	440	+127.6%	+127.6%	260	+34.5%	△40.9%	+44.9%	△36.3%
Op. Income	△200	—	—	△250	—	—	△240	—	—	—	—

■ ZORO SHANGHAI (China)

- Launched business in end of June 2018.
- Sales plan not attained due to lower customer acquisition and usage rate than plan.

	2017 Result			2018 Plan			2018 Result				
	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	YonY (Local Currency)	Amount (mil.JPY)	YonY	vs Plan	YonY (Local Currency)	vs Plan (Local Currency)
Sales	—	—	—	60	—	—	10	—	△82.7%	—	△82.2%
Op. Income	—	—	—	△170	—	—	△180	—	—	—	—

8-3. (Consolidated) 2018 Financial Result B/S

	Dec. 2017	Dec. 2018	
	Million JPY	Million JPY	Ratio
Assets			
Cash	8,688	12,381	24.4%
Accounts Receivable	10,039	11,546	22.8%
Inventory	8,081	9,987	19.7%
Other	3,926	4,465	8.8%
Total Current Asset	30,736	38,380	75.7%
Tangible Fixed Asset	9,881	9,620	19.0%
Intangible Fixed Assets	1,347	1,483	2.9%
Other	896	1,220	2.4%
Total Fixed Asset	12,125	12,325	24.3%
Total Assets	42,861	50,706	

	Dec. 2017	Dec. 2018	
	Million JPY	Million JPY	Ratio
Liabilities			
Accounts Payable	6,829	8,318	16.4%
Short-term Debt & etc.	2,125	2,000	3.9%
Others	5,249	7,642	15.1%
Total Current Liabilities	14,203	17,961	35.4%
Total Long term Liabilities	5,441	2,906	5.7%
Total Liabilities	19,644	20,867	41.2%
Net Assets			
Shareholder's Equity	23,004	29,544	58.3%
Others	212	293	0.6%
Total Net Assets	23,216	29,838	58.8%
Total Liabilities & Net Assets	42,861	50,706	

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

8-4. (Consolidated) 2018 Financial Result Outline C/F

	2017 Result	2018 Result
	Million JPY	Million JPY
Cash Flow from Operating Activity		
Net Income before Tax	11,853	13,767
Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 2,466	Δ 1,513
Increase or Decrease in Inventory (Δ = increase)	Δ 2,057	Δ 1,932
Increase or Decrease in Accounts Payable (Δ = decrease)	1,501	1,511
Tax payment	Δ 3,324	Δ 3,630
Others	589	2,334
Total	6,097	10,537
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	Δ 3,236	Δ 423
Acquisition of Intangible Assets	Δ 564	Δ 629
Others	515	Δ 413
Total	Δ 3,284	Δ 1,467
Cash Flow from Financing Activity		
Repayments of Long-term Loans	Δ 225	Δ 2,125
Cash Dividends Paid	Δ 2,478	Δ 2,978
Proceeds from Sales and Leasebacks	2,440	—
Repayments of Lease Obligations	Δ 1,120	Δ 845
Others	4	275
Total	Δ 1,379	Δ 5,673
Currency Exchange Adjustment	26	Δ 44
Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)	1,459	3,352
Cash and Cash Equivalent at Beginning of Period	7,229	8,688
Cash and Cash Equivalent at End of Period	8,688	12,040

9-1. 2019 Strategy & Plan 1/5 Domestic Business

■ Platform for MRO Procurement (monotaro.com)

- Expanding Customer Base
 - With more use of marketing data, attaining account acquisition target (721 thou.) at optimum cost through increasing number of visitors of monotaro.com by expanding product lineup and by improving listing ad. & SEO and through enhancing conversion rate by improving landing pages.
- Expanding Sales to Existing Customers
 - Increasing sales per account through shortening leadtime by expanding inventory optimally allocated among DCs and by improving distribution network with new solution introduced and system developed and through implementing timely promotions.
 - Completing facility expansion as planned at Kasama DC (launch in Mar. with capacity doubled) for meeting farther sales expansion.

■ Business with Large Corporations

• Sales Result & Plan

	2018 Result			2019 Plan		
	Mil. JPY	YonY	/Total Sales	Mil. JPY	YonY	/Total Sales
Sales	13,500	+54%	12.9%	19,500	+44%	15.0%

- Total number of corporations: 604 (Dec.31,2018, +175 from Dec.31,2017)
- MonotaRO One Source: 12 (Dec.31,2018, + 0 from Dec.31,2017), 2 considering
- MonotaRO One Source Lite: 172 (Dec.31,2018, +106 from Dec.31,2017), 81 considering
- Strengthening organization
 - Increased staff number of Corp. Sales Group (at Tokyo office) and established new group in IT Dept. specializing in large corp. procurement system (Nov. 2018). Opening new sales base in Chubu (Central) area in 2019, etc. to add access points in addition to existing Tokyo and Amagasaki/Hyogo offices.
 - Maintaining growth level of business (44%) by expanding number of customers, number of points in use/accounts, and sales per account.

9-2. 2019 Strategy & Plan 2/5 Domestic Business & Organization

■ Consulting/ Royalty Business

- Grainger's Zoro Business (US, Europe) sales growth maintains.
- Operating Profit of Zoro is planned to decrease since it prioritizes system development to acquire customers and expand product lineup for maintaining sales growth. Royalty to receive is hence planned to decrease.

■ Strengthening Marketing and System Development Skills based on Data Science

- Continuing to hire data-scientists and IT engineers (30 people at Tokyo Office in 2-3 years).
- Several joined MonotaRO and started working at Amagasaki HQ and Tokyo Office.
- Working on marketing and system development (monotaro.com and core system).

9-3. 2019 Strategy & Plan 3/5 Logistics (1)

- Sales ratio of Distribution-related Cost 2018 Result: 6.0%
 - Improved by 0.2 points from last year due mainly to decreases in Facility Rent Expense due to launch of Kasama DC (own facility) and decrease in expenses concerning launch of DC last year not incurred this year.
 - Increased by 0.3 points from plan due mainly to higher Labor & Outsourcing Expense ratios (longer working hours & more temporary workers) caused by lower productivity at Amagasaki DC (weather factors).
- Kasama DC's facility operates at high utilization ratio. Working to enhance productivities farther of Kasama DC.
- Inventory:
 - As of Dec. 31, 2018: 411 thou. (attained plan 400 thou.)
 - Expanding inventory optimally allocated among DCs and shortening lead-time.



Amagasaki DC



Kasama DC



Hokkaido DC (in Dohoh Sapporo Post Office)

	2017 Result		2018 Plan		2018 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (non-consolidated)	84,656		104,066		105,331		+24.4%	+1.2%
Depreciation	577	0.7%	721	0.7%	691	0.7%	+19.8%	△4.2%
Labor & Outsourcing	2,837	3.4%	3,097	3.0%	3,496	3.3%	+23.2%	+12.9%
Facility Rent	1,097	1.3%	1,193	1.1%	1,179	1.1%	+7.5%	△1.1%
Others	768	0.9%	901	0.9%	941	0.9%	+22.6%	+4.4%
Total	5,280	6.2%	5,914	5.7%	6,309	6.0%	+19.5%	+6.7%

9-4. 2019 Strategy & Plan 4/5 Logistics (2)

■ Expansion of Kasama DC Facility

- Investing about 3 billion JPY in facility expansion.
 - Adding 114 AGV robots.
 - Adding 28 picking stations.
 - Technology of projection mapping is utilized at picking stations. This is expected to raise qualities of distribution (accuracies of kinds/types and numbers of products).
 - Becoming capable to meet 160 billion JPY sales after expansion is completed.

■ Operation capacity expansion for sales increase

- Working to expand capacity for year 2021.
- Considering to utilize existing technology (AGV robots, etc.) and adopt new technology.
- When opening a new DC, region to be considered based upon disaster risks, accessibility to market, etc.



Picking Operation with Projection Mapping Utilized



AGV robots, shelves installed

9-5. 2019 Strategy & Plan 5/5 Logistics (3)

■ Distribution-related Cost Plan for 2019

- Depreciation % increases in second half due to completion of facility expansion at Kasama DC (Mar. 2019)
- Due to extension of working hours since summer 2018 and higher hourly pay caused by growing needs for staff, Labor & Outsourcing Expense % increases in first half (YonY). Shipment is planned to be shifted to Kasama DC with higher productivities, improving Labor & Outsourcing Expense % in second half and in whole 2019 (YonY).

	2018 Result		2019 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales (non-consolidated)	105,331		130,594		+24.0%
Depreciation	691	0.7%	958	0.7%	+38.7%
Labor & Outsourcing	3,496	3.3%	4,183	3.2%	+19.7%
Facility Rent	1,179	1.1%	1,497	1.1%	+26.9%
Others	941	0.9%	1,138	0.9%	+21.0%
Total	6,309	6.0%	7,778	6.0%	+23.3%

	2019 Q1-2 Plan (Jan. - Jun.)			2019 Q3-4 Plan (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales (non-consolidated)	61,193		+23.1%	69,401		+24.8%
Depreciation	423	0.7%	+24.2%	535	0.8%	+52.8%
Labor & Outsourcing	2,044	3.3%	+29.3%	2,139	3.1%	+11.7%
Facility Rent	705	1.2%	+28.9%	791	1.1%	+25.2%
Others	563	0.9%	+33.1%	574	0.8%	+11.1%
Total	3,737	6.1%	+29.2%	4,041	5.8%	+18.3%

10-1. (Non-consolidated) 2019 Business Plan Outline

- Sales: 130,594 million JPY (YoY +24.0%)
 - Acquiring new customers (721 thousand) and expanding sales of existing customers.
 - Increasing large corporate customers, accounts & branches as user, and sales of each account.
- Gross Profit: 37,748 million JPY (YoY +21.2%)
 - Change in product mix and increase in large corp. sales ($\Delta 0.3$ pt.), delivery charge hike, etc. ($\Delta 0.1$ pt.), and decrease in consulting/royalty earning from overseas, etc. causes GP% to lower from Last year by 0.7 pt.
- SG&A Expense: 20,528 million JPY (YoY +21.7%)
 - Despite increases in Other Expenses ratio (system fee increases due to data marketing and to supply-chain optimization and negative expenses were incurred en bloc in 2018 to recognize assets concerning retirement pay) and increase in Depreciation Expenses ratio (expanded facility of Kasama DC starts operation), efficient operation and sales increase are anticipated; therefore, SG&A expense ratio decreases from last year by 0.3 pt.
- Operating Income: 17,219 million JPY (YoY +20.6%)
- Net Income: 12,116 million JPY (YoY +23.3%)
 - Anticipating tax benefit for salary growth, which was not granted last year, is to be granted this year, and thus tax rate decreases.

10-2. (Non-consolidated) 2019 Business Plan – P/L

	2018 Result		2019 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	105,331		130,594		+24.0%
Gross Profit	31,147	29.6%	37,748	28.9%	+21.2%
SG&A Exp.	16,868	16.0%	20,528	15.7%	+21.7%
Operating Income	14,278	13.6%	17,219	13.2%	+20.6%
Current Income	14,250	13.5%	17,189	13.2%	+20.6%
Net Income (Tax Rate)	9,825 (30.9%)	9.3%	12,116 (29.5%)	9.3%	+23.3%

	2019 Q1-2 Plan (Jan. - Jun.)			2019 Q3-4 Plan (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	61,193		+23.1%	69,401		+24.8%
Gross Profit	17,691	28.9%	+18.2%	20,056	28.9%	+23.9%
SG&A Exp.	9,856	16.1%	+23.1%	10,671	15.4%	+20.4%
Operating Income	7,834	12.8%	+12.6%	9,384	13.5%	+28.2%
Current Income	7,815	12.8%	+12.9%	9,374	13.5%	+27.9%
Net Income (Tax Rate)	5,421 (30.6%)	8.9%	+13.8%	6,694 (28.6%)	9.6%	+32.3%

10-3. (Consolidated) 2019 Business Plan (Overseas Subsidiaries)

■ NAVIMRO (South Korea)

- Expanding customer base and raising customers' procurements even in worsening macro economic environment. Planning to attain fiscal year break-even in 2019.

	2018 Result			2019 Plan		
	Amount (mil.JPY)	YoY	YoY (local Currency)	Amount (mil.JPY)	YoY	YoY (local Currency)
Sales	3,970	+13.2%	+12.0%	5,000	+25.9%	+26.5%
Op.Income	△60	—	—	7	—	—

■ MONOTARO INDONESIA (Indonesia)

- Continuing to work on optimizing supply chain, on acquiring customers with continued use, and on expanding inventory.

	2018 Result			2019 Plan		
	Amount (mil.JPY)	YoY	YoY (local Currency)	Amount (mil.JPY)	YoY	YoY (local Currency)
Sales	260	+34.5%	+44.9%	430	+66.3%	+66.3%
Op.Income	△240	—	—	△250	—	—

■ ZORO SHANGHAI (China)

- Expanding customer base by improving listing ad. and search engine optimization and by contacting with prospect customers.

	2018 Result			2019 Plan		
	Amount (mil.JPY)	YoY	YoY (local Currency)	Amount (mil.JPY)	YoY	YoY (local Currency)
Sales	10	—	—	220	* —	* —
Op.Income	△180	—	—	△420	—	—

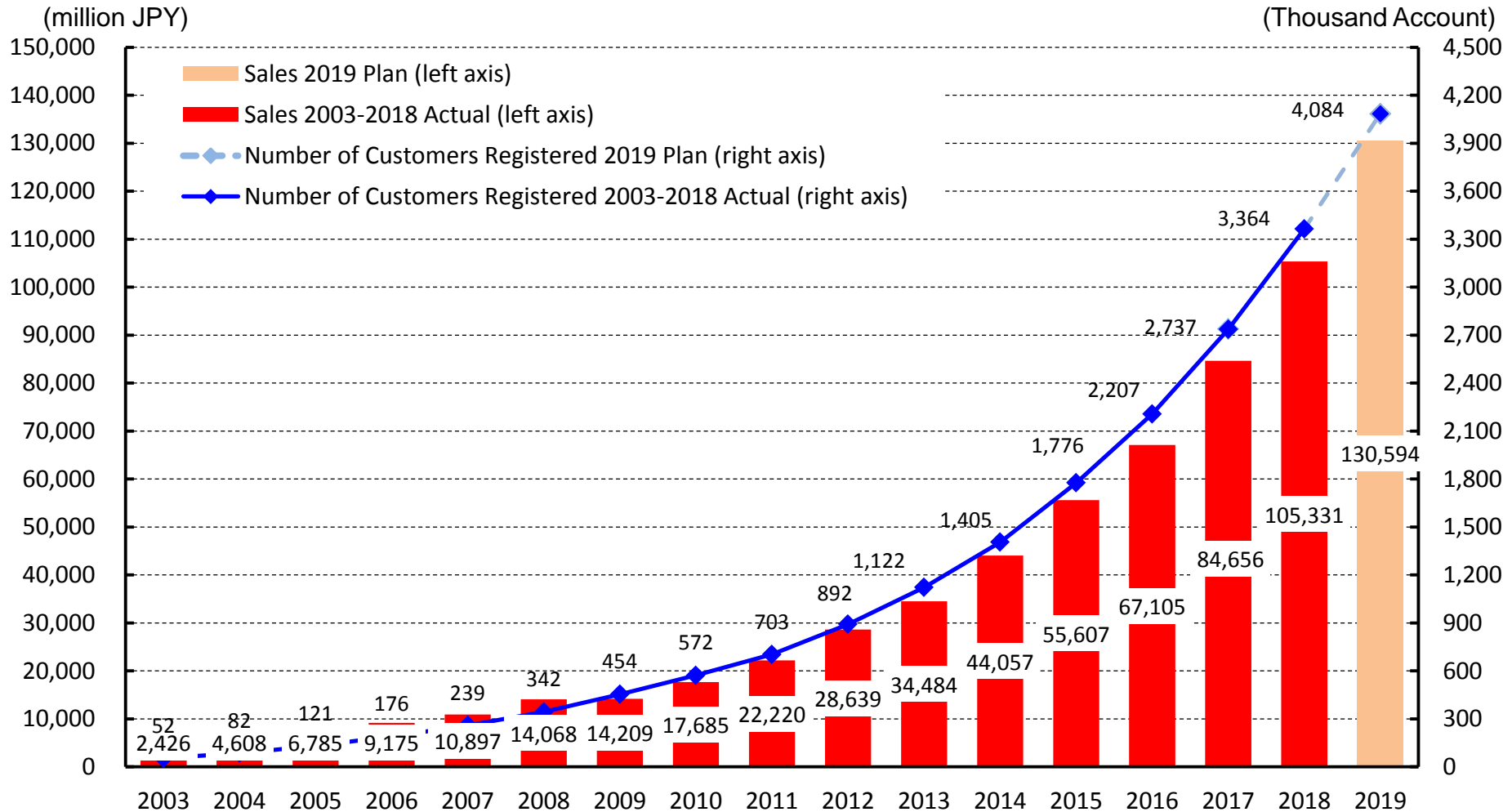
* Business launched in June 2018.

10-4. (Consolidated) 2019 Business Plan – P/L

	2018 Result		2019 Plan		
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	109,553		136,258		+24.4%
Gross Profit	32,027	29.2%	39,065	28.7%	+22.0%
SG&A Exp.	18,236	16.6%	22,529	16.5%	+23.5%
Operating Income	13,790	12.6%	16,536	12.1%	+19.9%
Current Income	13,788	12.6%	16,530	12.1%	+19.9%
Net Income	9,366	8.6%	11,457	8.4%	+22.3%
(Tax Rate)	(32.0%)		(30.7%)		
Net Income attributable to owners of the parent	9,515	8.7%	11,715	8.6%	+23.1%

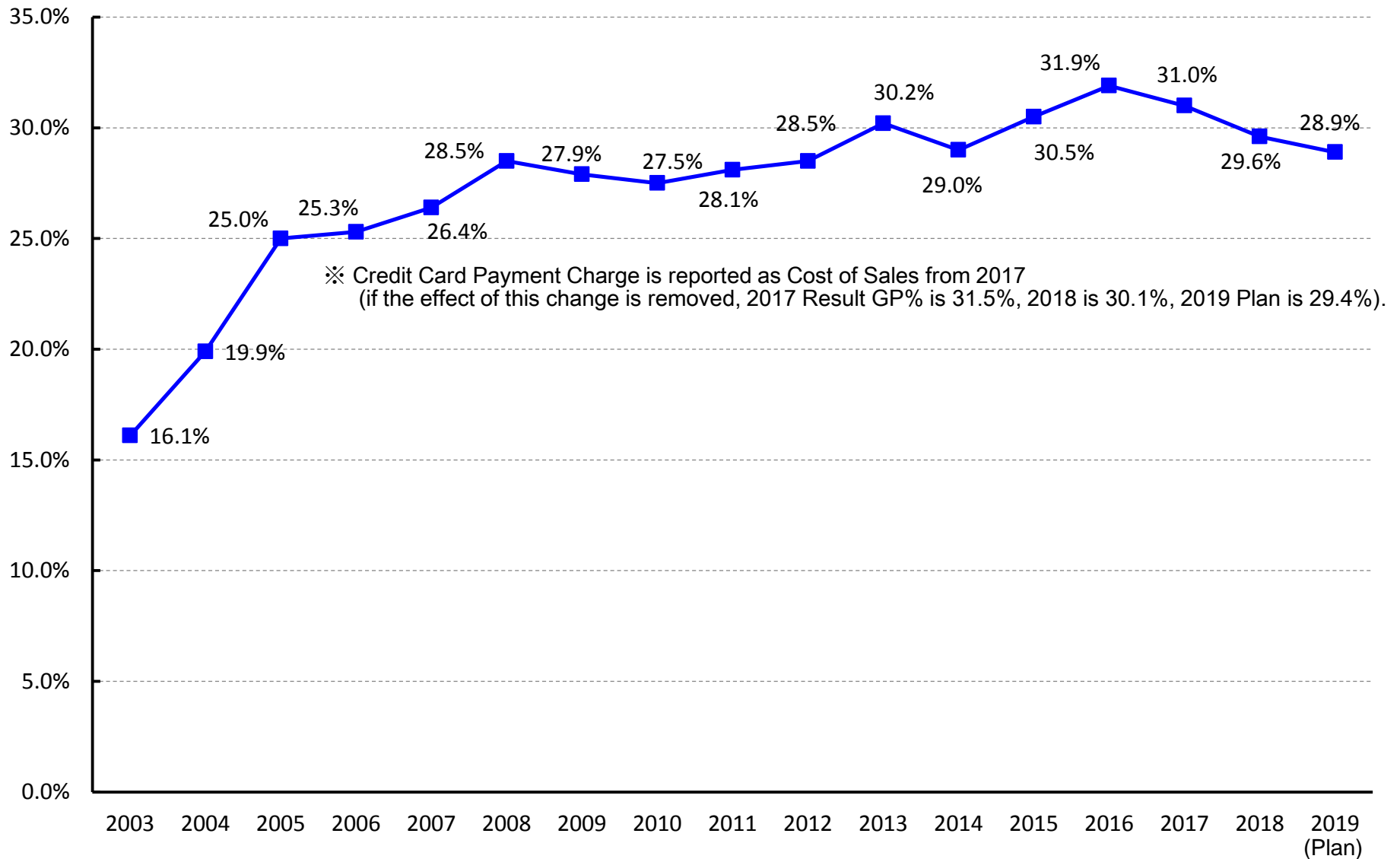
	2019 Q1-2 (Jan. - Jun.)			2019 Q3-4 (Jul. - Dec.)		
	Amount (mil.JPY)	Ratio to Sales	YonY	Amount (mil.JPY)	Ratio to Sales	YonY
Sales	63,780		+23.4%	72,478		+25.3%
Gross Profit	18,284	28.7%	+18.8%	20,780	28.7%	+24.9%
SG&A Exp.	10,816	17.0%	+24.7%	11,712	16.2%	+22.5%
Operating Income	7,468	11.7%	+11.3%	9,068	12.5%	+28.1%
Current Income	7,462	11.7%	+11.6%	9,068	12.5%	+27.7%
Net Income	5,069	7.9%	+11.4%	6,388	8.8%	+32.7%
(Tax Rate)	(32.1%)			(29.5%)		
Net Income attributable to owners of the parent	5,191	8.1%	+12.7%	6,523	9.0%	+32.9%

11-1. (Non-consolidated) Progress - Sales & Customer

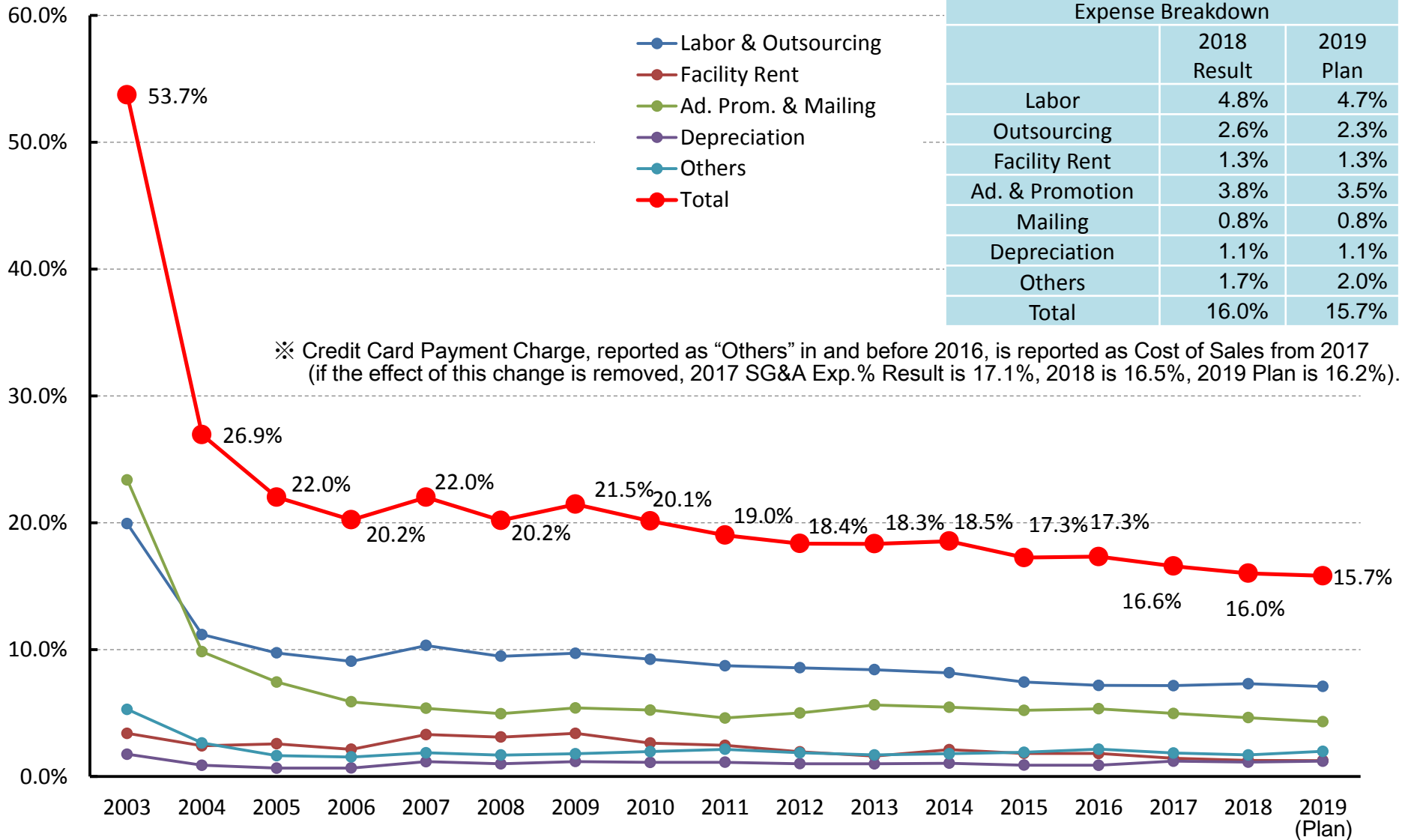


	Dec. 2017	Dec. 2018		Dec. 2019 (Plan)	
Number of Customers (Registered Accounts)	2,737,820	3,363,711	+625,891 (vs. Dec. 2017)	4,084,711	+721,000 (vs. Dec. 2018)

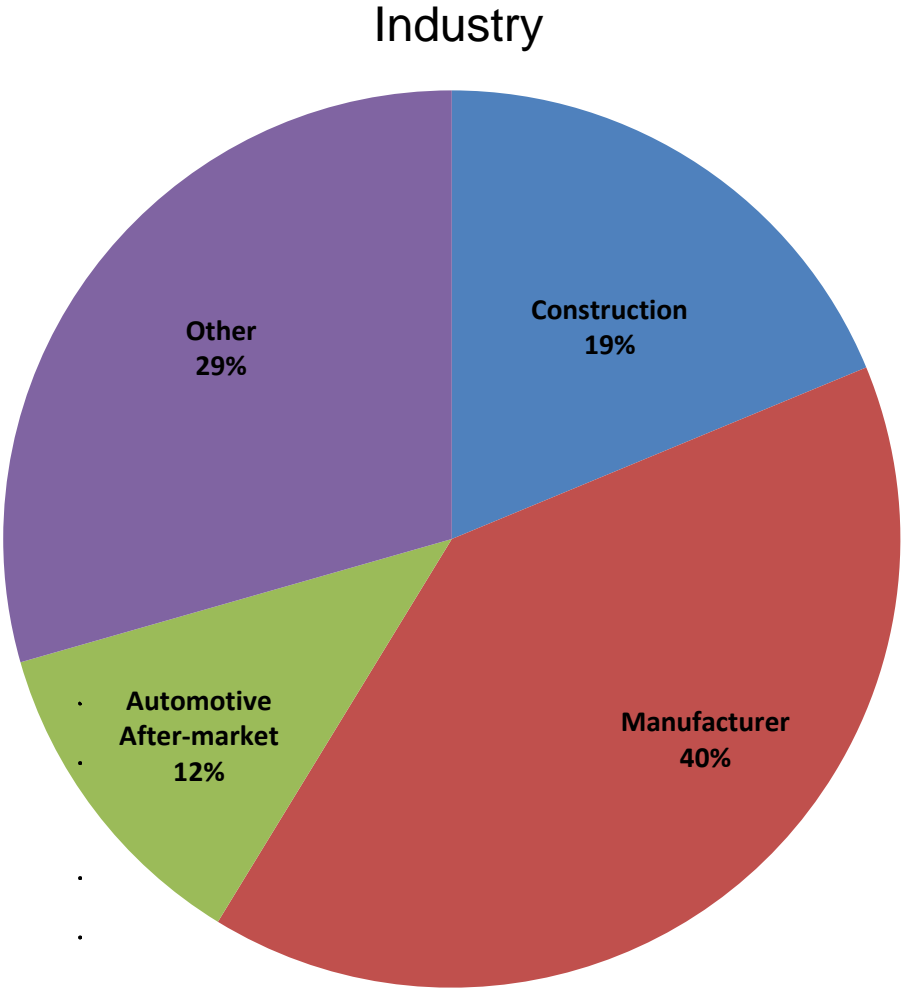
11-2. (Non-consolidated) Progress - Gross Profit



11-3. (Non-consolidated) Progress - SG&A Expense

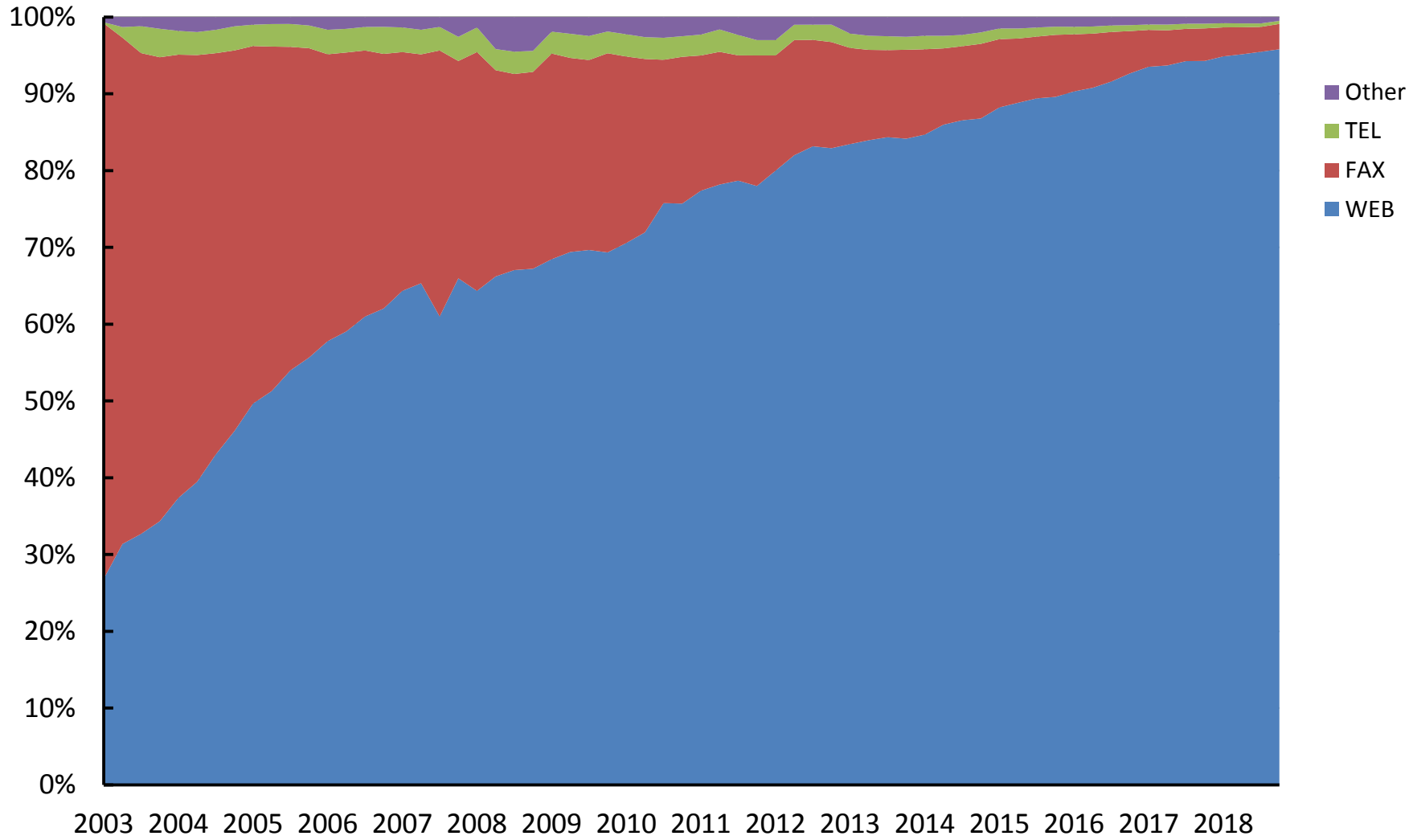


Reference 1. Customer Demographics



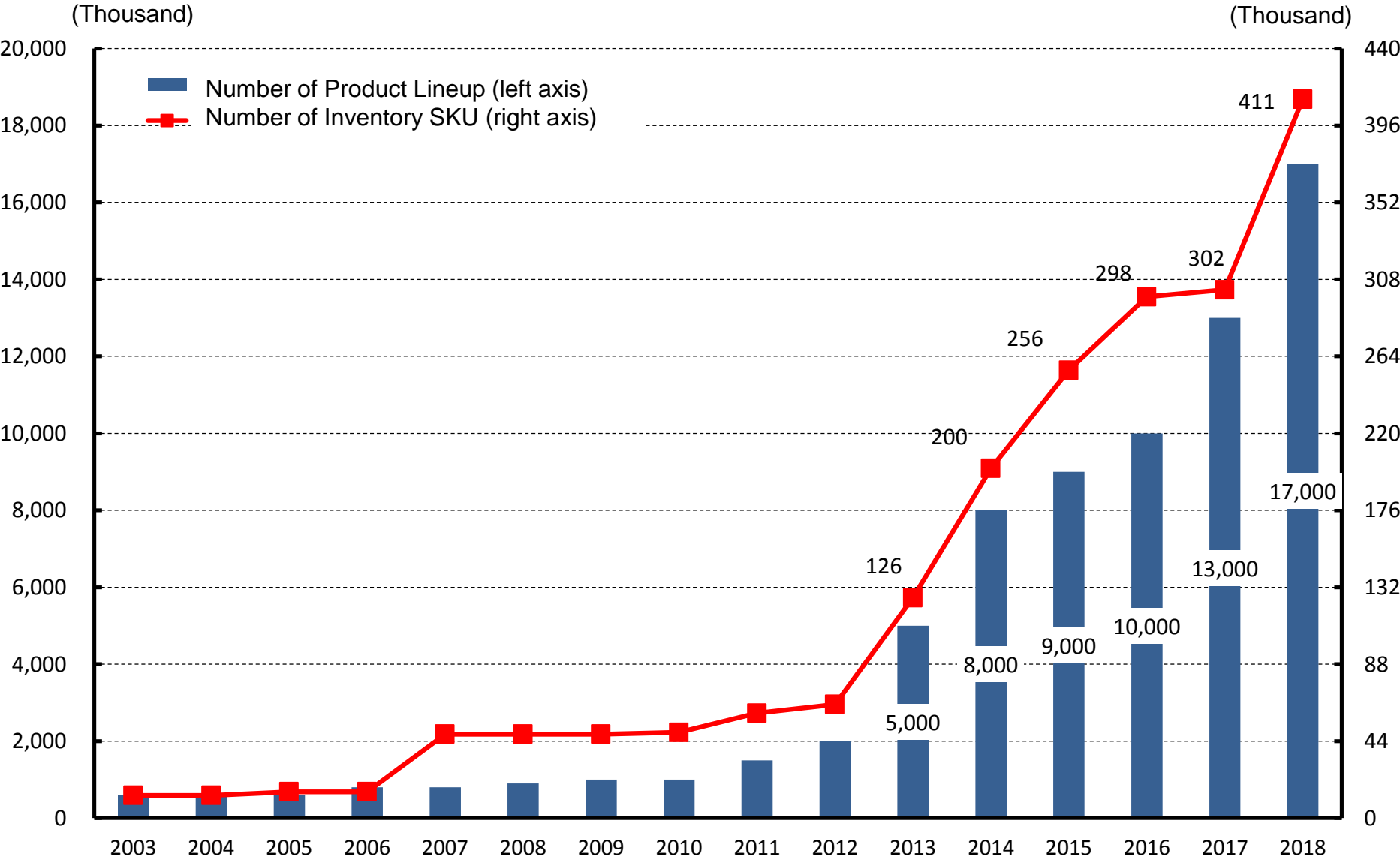
Ratio by sales amount in 2018
(Sales through Shopping website-excluding sales through API connection)

Reference 2. Internet PO Ratio

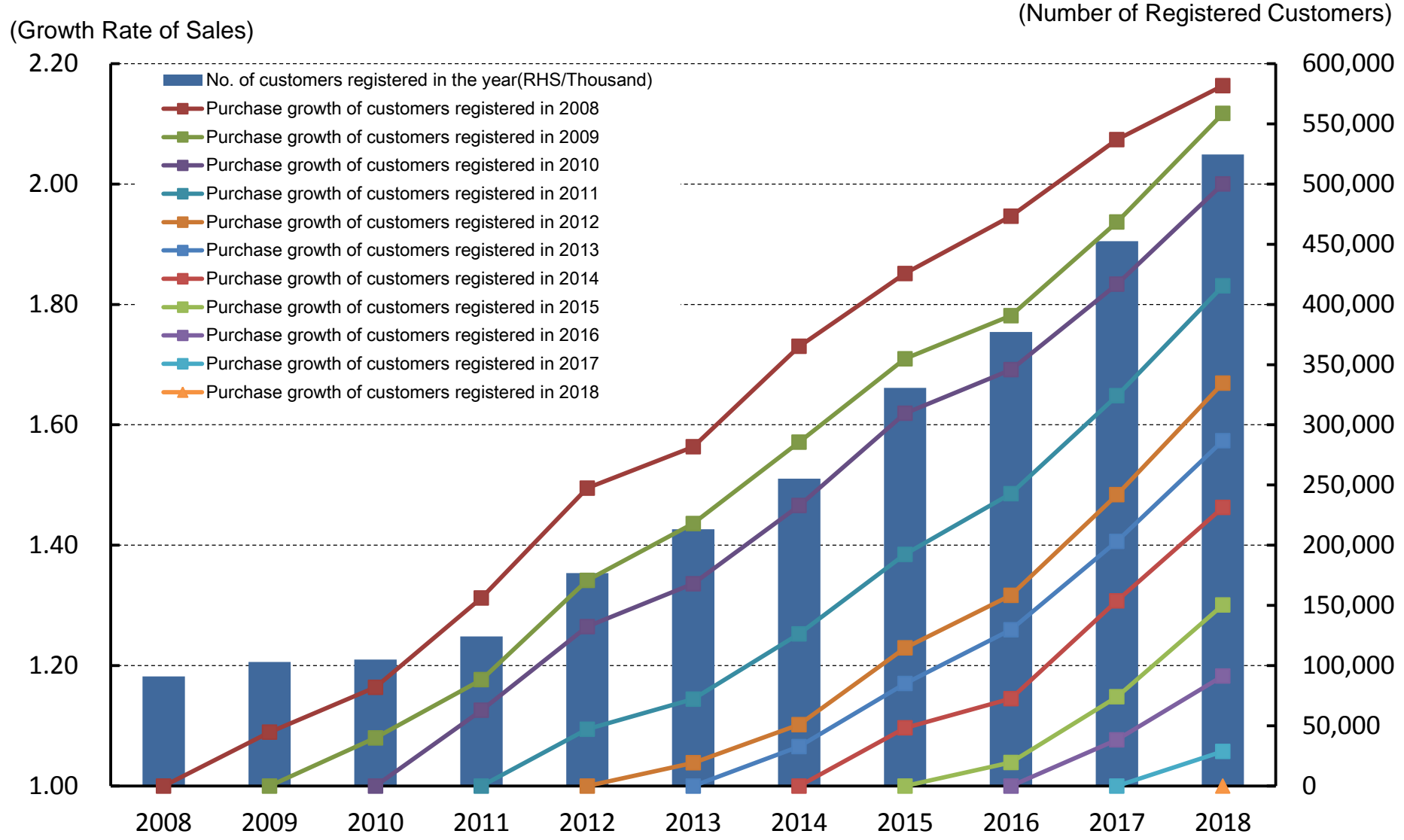


Based on Sales in each FY

Reference 3. Product Lineup & Inventory



Reference 4. Customers' Purchase Growth History

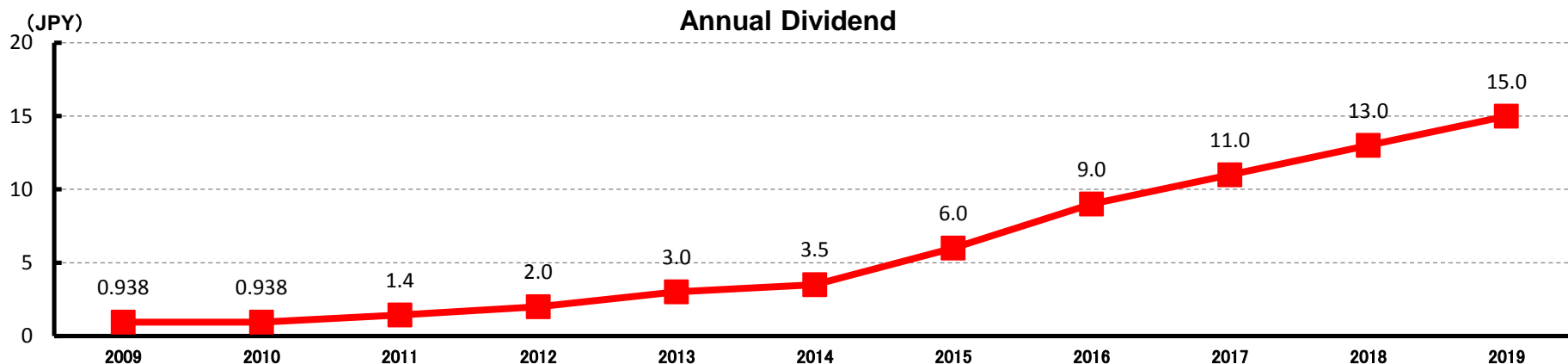


The history of the total purchase amounts of customers who registered in a year, setting total purchase amount in the first year as 1.

Reference 5. Dividend & Shareholder Benefit

■ Dividend

- Dividend Policy: Distributing dividend consistent with stable and ongoing growth
- 2018: 13 JPY/share (interim dividend 6.5 JPY and year-end dividend 6.5 JPY to be proposed in annual shareholders meeting).
- 2019: 15 JPY/share Plan



※ Amounts in graph above based upon share splits including one implemented on Oct. 2018.

■ Shareholders' Benefit

- Shareholders having held one or more unit (100 shares) of MonotaRO share for 6 months or longer on continuous basis as of Dec. 31 are eligible for benefit.
- Eligible shareholders can choose products from MonotaRO's private brand as benefit, and amount of benefit varies in accordance with holding period (as in right chart).

Holding Period	Amount Benefit
6 months or more	3,000 JPY (excl. tax)
3 years or more	5,000 JPY (excl. tax)
5 years or more	7,000 JPY (excl. tax)

Reference 6. Other MRO Market Players

Upper: Sales Lower: Operating Profit		Fiscal Year					Change
		2007	2015	2016	2017	2018	2007 to 2018
Yuasa (8074) - (M)	Wholesaler	468,476	442,042	446,335	461,749	480,000	+2.5%
		8,254	10,357	10,923	11,402	12,750	+54.5%
Yamazen (8051) - (M)	Wholesaler	376,852	447,774	447,698	497,963	520,000	+38.0%
		11,518	13,258	13,113	15,383	17,000	+47.6%
Trusco (9830) - (D)	Wholesaler	134,430	166,565	177,053	195,096	213,000	+58.4%
		9,120	12,976	14,163	14,276	13,600	+49.1%
Misumi (9962) - (M)	Retailer	126,668	240,139	259,015	312,969	335,200	+164.6%
		16,317	25,690	27,127	34,848	32,800	+101.0%
Nichiden (9902) - (M)	Wholesaler	92,745	101,508	103,736	119,712	126,000	+35.9%
		5,533	5,066	5,037	6,051	6,270	+13.3%
NaITO (7624) - (F)	Wholesaler	51,479	43,483	43,473	46,587	49,000	△4.8%
		1,343	585	496	728	920	△31.5%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	41,361	41,597	44,315	47,750	+15.2%
		2,292	1,843	1,950	2,461	2,800	+22.2%
Toba (7472) - (M)	Retailer	25,800	22,881	22,185	28,500	28,000	+8.5%
		2,115	1,279	1,050	1,774	1,740	△17.7%
Uematsu (9914) - (M)	Retailer	7,647	5,755	6,217	7,125	7,000	△8.5%
		190	0	40	92	67	△64.7%
MonotaRO (3064) - (D)	Retailer	10,897	57,563	69,647	88,347	109,553	+905.4%
		480	7,087	9,493	11,837	13,790	+2,772.9%

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

As of Jan. 30, 2019



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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