




Quarter 1, FY2019
(Jan. to Mar. 2019)

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 18 million as of Mar. 2019)	
Number of Customers	<ul style="list-style-type: none">• More than 3.5 million	
Capital Stock	<ul style="list-style-type: none">• 1.98 billion JPY or 17.8 million USD (USD1=JPY110.99)	
Number of Employees	<ul style="list-style-type: none">• 2,124 including 503 regular employees (as of Mar. 31, 2019 consolidated)	
Head Office	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture	
Major Distribution Centers	<ul style="list-style-type: none">• Amagasaki-city, Hyogo Prefecture• Kasama-city, Ibaraki Prefecture• Sapporo-city, Hokkaido Prefecture	

2. Product Category

- Office Supplies, OA / PC, Battery
- Cutting Tools, Abrasives
- Pneumatic / Hydraulic Equipment, Hose
- Automobile / Truck Supplies
- Construction Hardware / Material, Interior Painting
- Laboratory / Clean Room Supplies
- Safety Protection, Working Clothes, Safety Shoes
- Hand Tools, Power Tools, Pneumatics Tools
- Screws, Bolts, Nails, Materials
- Logistics, Packing / Safety Supplies, Safety Signs
- Motorcycle / Bicycle Supplies
- Control Equipment / Solder / Anti-static Goods
- Spray, Oil, Grease / Paint / Adhesion, Repair / Welding
- Air Conditioning, Electric Facilities, Piping, Plumbing
- Kitchen Equipment, Store Supplies
- Agricultural Materials, Gardening Supplies
- Bearings, Mechanical Parts, Casters
- Medical and Nursing Products
- Measuring and Surveying Products
- Office Furniture, Lighting, Cleaning Supplies



3. Strength

After (MonotaRO)



One-Price Policy

- 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.

Efficient Sales through Internet

- Sales through internet, realizing economies of scale.
- Efficient promotions leveraging IT.

Database Marketing

- Replace sales representatives by utilizing huge amount of data and with advanced database marketing.

Product Availability

- Selling more than 18 million items; 540 thousand items are available for same day shipment.
- 422 thousand items out of “same day shipment products” are in inventory.

Private Brand and Direct Import Products

- Importing competitive products directly from overseas.
- Providing optimal selection of products including private brand, so that customers can choose the best one out of huge variety to meet their needs.

Before (Conventional Suppliers)

- Different and unclear price to each customer

- Labor oriented, small and localized markets

- Sales based on experience of sales representatives

- Limited product availabilities

- Sell mainly expensive 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

- 20 separate volumes for better targeting

6. Data Mining and Campaign Management

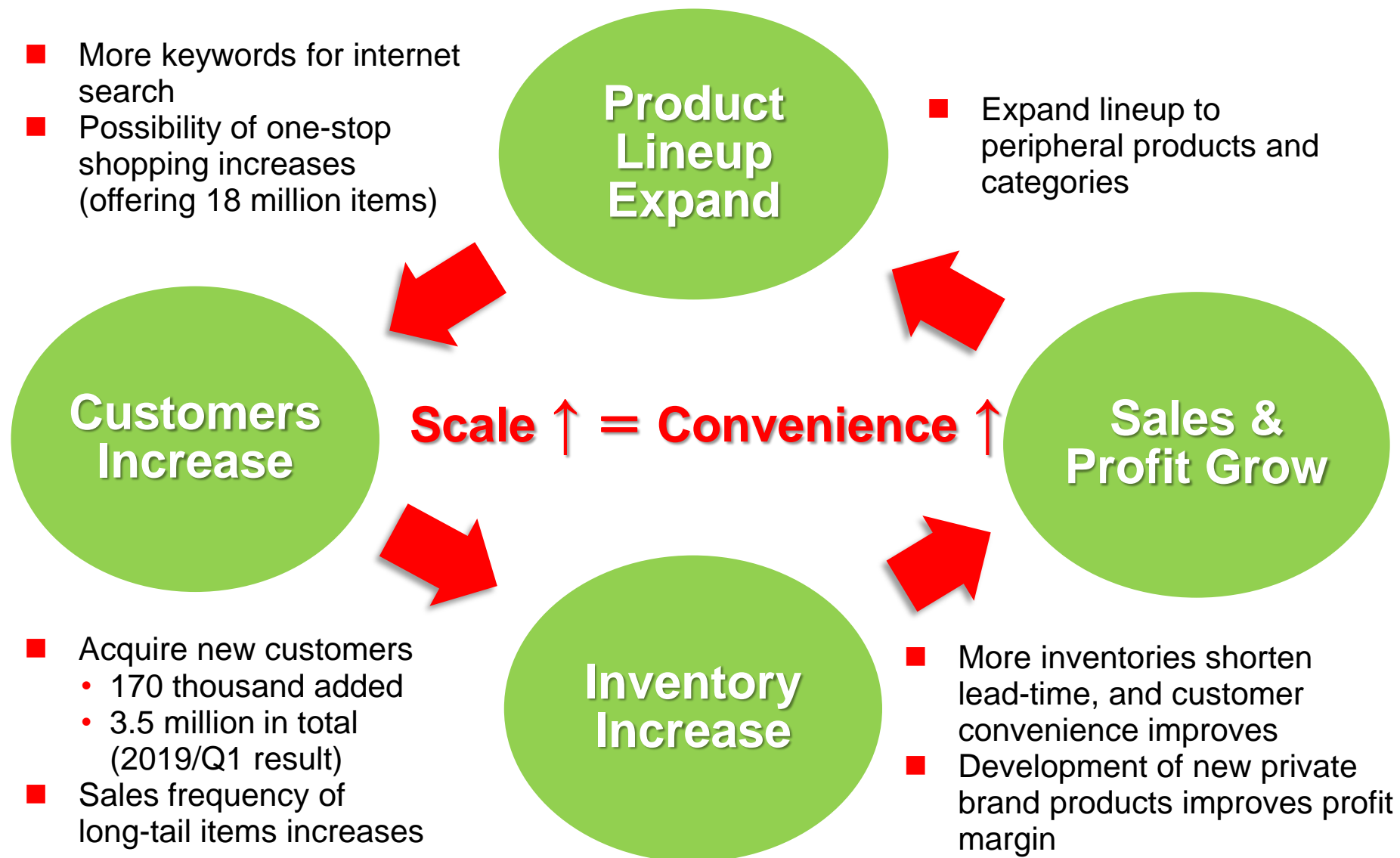
- Promotions optimized by industry categories for more effectiveness and efficiency



5. Procurement

- Enhancement of Product Sources
 - Developing new suppliers and new products through various channels
- Direct Import and Private Brand Product Development
 - 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 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 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
2019	<ul style="list-style-type: none">• Product lineup SKU exceeded 18 million• Completed 2nd phase expansion of facilities at Kasama Distribution Center

7-1. (Non-consolidated) 2019Q1 Financial Result P/L Outline 1/2

■ Sales: 29,879 million JPY (YonY +24.2%, A/F Δ 0.7%)

- Improving both internet search keywords ad. and product listing ad. (PLA), working on search engine optimization (SEO), broadcasting TV ad., expanding product lineup (18 mil.) and inventory (422 thou.), etc. contributed to acquiring new customers (170 thou.) and to increasing sales to existing customers. Sales through monotaro.com exceeded last year result.
- Number and usage of large corporation customers increased, and sales exceeded last year and plan.

2018Q1 Result				2019Q1 Plan			2019Q1 Result				
No.Corp.	Million JPY	YonY	/Total Sales	Million JPY	YonY	/Total Sales	No.Corp.	Million JPY	YonY	vs Plan	/Total Sales
459	2,900	+48%	12.1%	4,300	+49%	14.4%	639	4,500	+58%	+6%	15.4%

■ Gross Profit: 8,600 million JPY (YonY +18.3%, A/F Δ 1.5%)

- Gross Profit Ratio (GP%) decreased from last year by 1.4 pt. due to higher delivery cost ratio (Δ 0.5 pt.) caused by delivery charge hike, etc., to change in product mix and increase in large corporation sales (Δ 0.2 pt.), and to decrease in consulting/royalty earnings from overseas, etc.
- GP% decreased from plan by 0.2 pt. due to decrease in consulting/royalty earnings, etc.

■ SG&A Expense: 4,855 million JPY (YonY +18.8%, A/F Δ 3.7%)

- SG&A ratio (SG&A%) decreased from last year by 0.8 pt. Despite increases in Outsourcing Expense and equipment cost ratios during installation of Kasama DC's 2nd phase facilities expansion, production cost for new TV ad., which occurred last year, was not incurred this year and efficiencies realized in issuing catalogs this year contributed to decreasing Advertisement Expense, etc.
- SG&A% decreased from plan by 0.5 pt., due to decrease in Distribution-related Cost ratio by 0.2 pt. (decreases in Outsourcing Expense and equipment cost ratios at Amagasaki DC) and to increase in transfer of Labor Expense to asset resulting from increase in in-house software development.

■ Operating Income: 3,745 million JPY (YonY +17.6%, A/F +1.5%)

■ Net Income: 2,605 million JPY (YonY +20.2%, A/F +2.1%)

- Net Income (NI%) decreased by 0.3 pt. Rate of corporate taxes, etc. decreased, which was not enough to cover decrease in Operating Income ratio (Δ 0.7pt.).
- NI% increased from plan by 0.2 pt., due mainly to improvement of Operating Income% by 0.2pt.

7-2. (Non-consolidated) 2019Q1 Financial Result P/L Outline 2/2

	2018Q1 Result		2019Q1 Plan		2019Q1 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	24,048		30,105		29,879		+24.2%	△0.7%
Gross Profit	7,271	30.2%	8,732	29.0%	8,600	28.8%	+18.3%	△1.5%
SG&A Exp.	4,086	17.0%	5,042	16.7%	4,855	16.2%	+18.8%	△3.7%
Operating Income	3,185	13.2%	3,689	12.3%	3,745	12.5%	+17.6%	+1.5%
Current Income	3,147	13.1%	3,676	12.2%	3,752	12.6%	+19.2%	+2.1%
Net Income (Tax Rate)	2,166 (31.2%)	9.0%	2,551 (30.6%)	8.5%	2,605 (30.6%)	8.7%	+20.2%	+2.1%

7-3. (Non-consolidated) 2019Q1 Financial Result B/S Outline

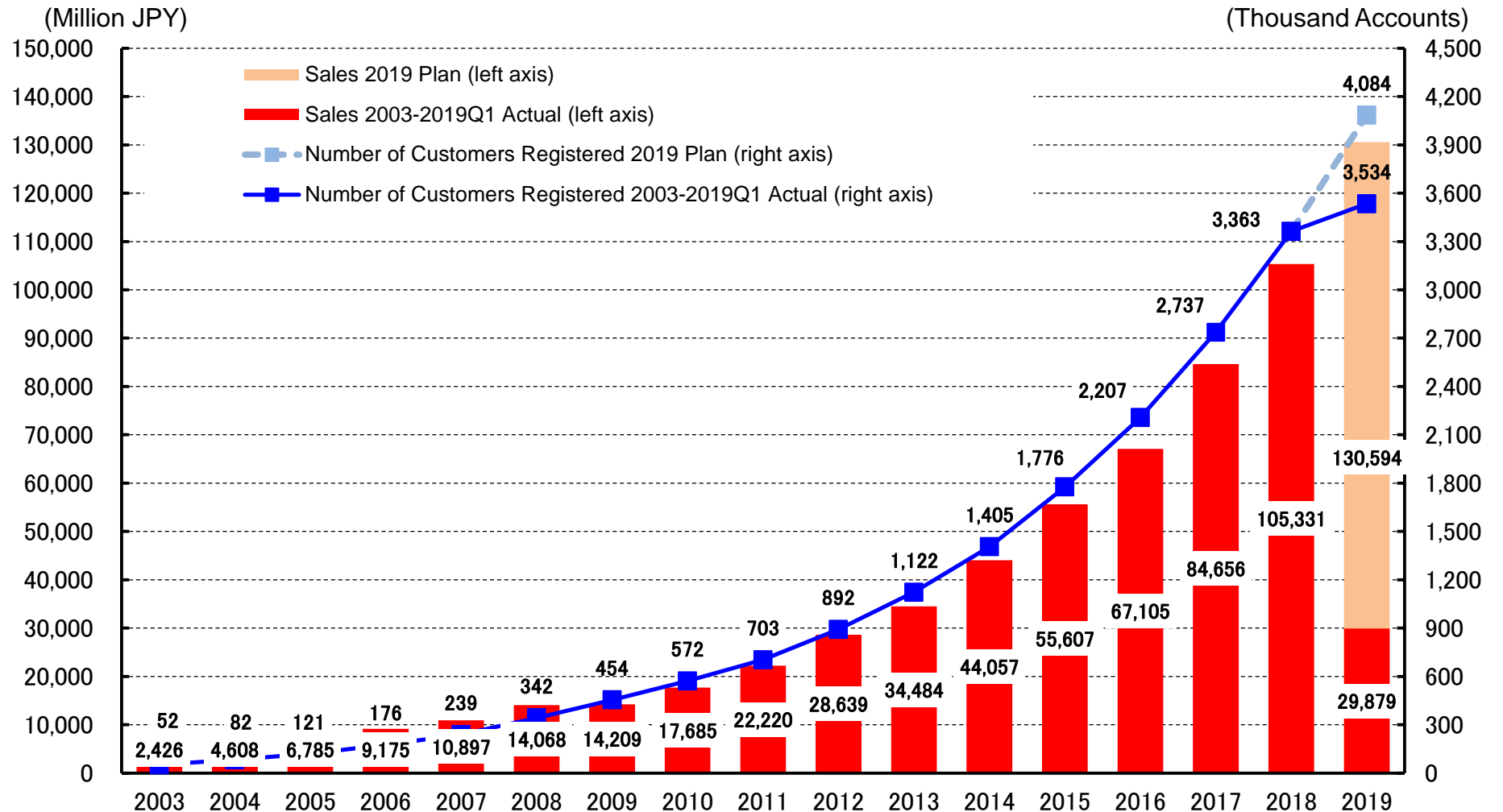
	Mar. 2018	Dec. 2018	Mar. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	6,194	11,610	7,105	13.7%
Accounts Receivable	11,419	11,476	13,004	25.0%
Inventory	8,255	9,543	10,001	19.2%
Other	3,543	4,225	4,083	7.9%
Total Current Asset	29,414	36,856	34,194	65.8%
Tangible Fixed Asset	9,698	9,598	12,131	23.3%
Intangible Fixed Assets	1,239	1,316	1,519	2.9%
Other	3,459	3,815	4,158	8.0%
Total Fixed Asset	14,397	14,729	17,810	34.2%
Total Assets	43,811	51,585	52,005	

From 2019Q1, Deferred Tax Assets are reported and included in Other Assets of Fixed Assets. So adjusted are Mar. & Dec. 2018 balance sheets for comparison purpose. Amounts subject to this are; 131 mil. in Mar. 2018, 195 mil. in Dec. 2018, and 163 mil. in Mar. 2019.

	Mar. 2018	Dec. 2018	Mar. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	7,302	8,015	8,824	17.0%
Short-term Debt & etc.	2,094	2,000	2,000	3.8%
Others	4,869	7,523	6,515	12.5%
Total Current Liabilities	14,266	17,539	17,340	33.3%
Total Long term Liabilities	4,418	2,879	2,502	4.8%
Total Liabilities	18,684	20,419	19,843	38.2%
Net Assets				
Shareholder's Equity	25,088	31,130	32,122	61.8%
Others	38	35	39	0.1%
Total Net Assets	25,127	31,166	32,162	61.8%
Total Liabilities & Net Assets	43,811	51,585	52,005	

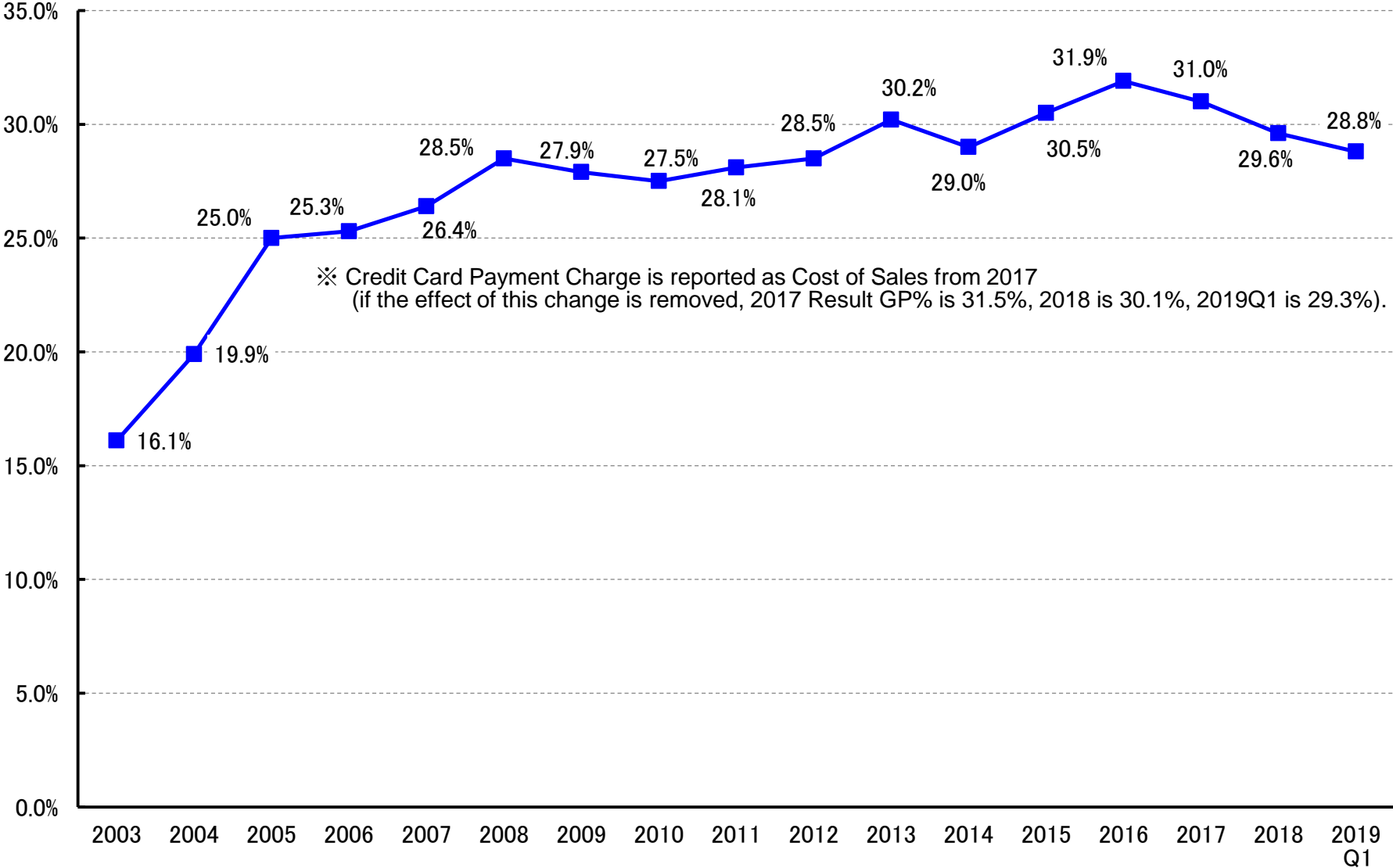
Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

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

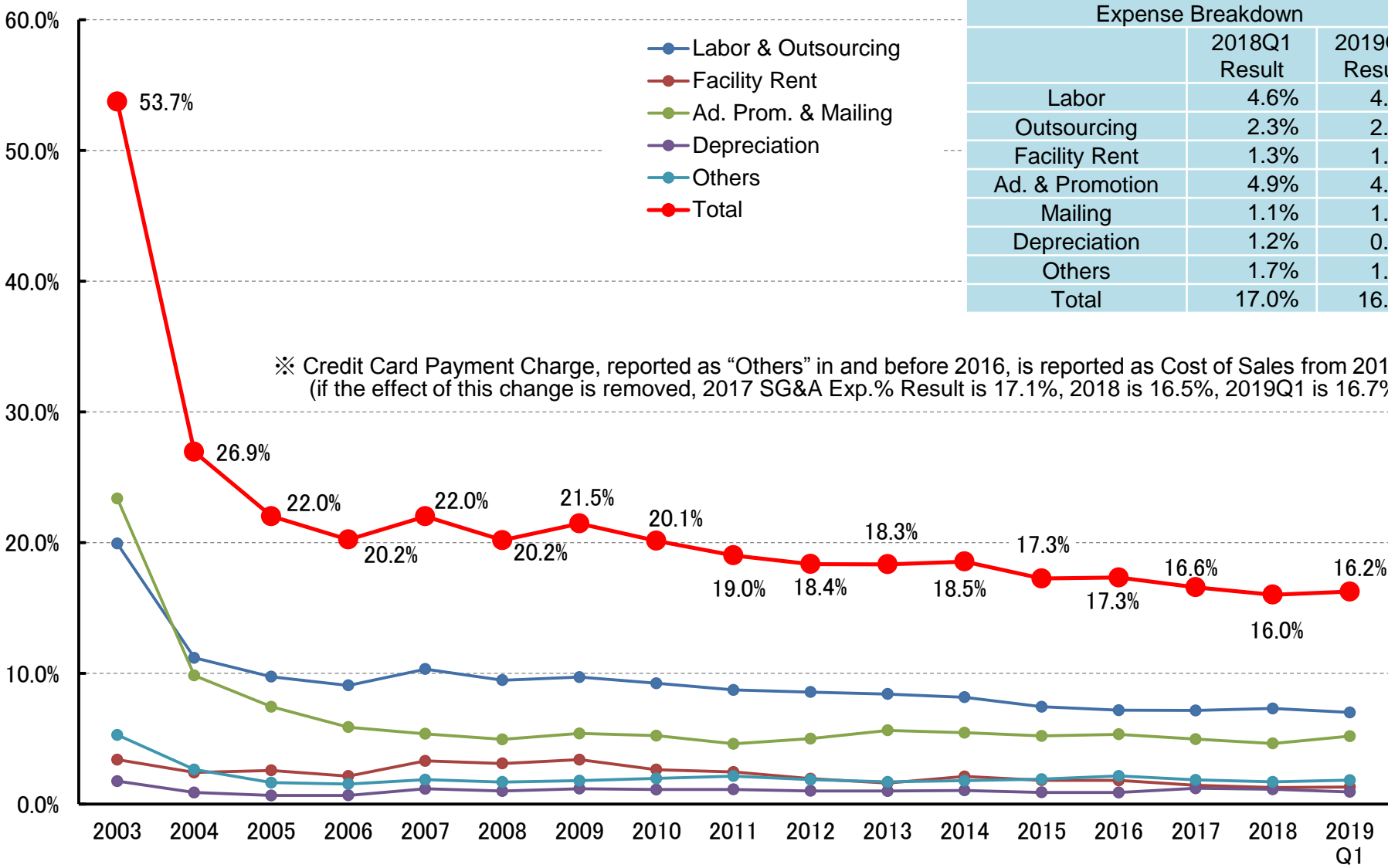


	Dec. 2018	Mar. 2019		Dec. 2019 (Plan)	
Number of Customers (Registered Accounts)	3,363,711	3,534,465	+170,754 (vs. Dec. 2018)	4,084,711	+721,000 (vs. Dec. 2018)

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



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



Expense Breakdown		
	2018Q1 Result	2019Q1 Result
Labor	4.6%	4.6%
Outsourcing	2.3%	2.4%
Facility Rent	1.3%	1.3%
Ad. & Promotion	4.9%	4.2%
Mailing	1.1%	1.0%
Depreciation	1.2%	0.9%
Others	1.7%	1.8%
Total	17.0%	16.2%

9-1. (Consolidated) 2019Q1 Financial Result P/L Outline 1/2

	2018Q1 Result		2019Q1 Plan		2019Q1 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs Plan
Sales	25,026		31,332		31,065		+24.1%	△0.9%
Gross Profit	7,479	29.9%	9,012	28.8%	8,832	28.4%	+18.1%	△2.0%
SG&A Exp.	4,376	17.5%	5,530	17.7%	5,263	16.9%	+20.3%	△4.8%
Operating Income	3,103	12.4%	3,482	11.1%	3,569	11.5%	+15.0%	+2.5%
Current Income	3,068	12.3%	3,476	11.1%	3,585	11.5%	+16.9%	+3.1%
Net Income (Tax Rate)	2,089 (31.9%)	8.3%	2,351 (32.4%)	7.5%	2,440 (31.9%)	7.9%	+16.8%	+3.8%
Net Income attributable to owners of the parent	2,112	8.4%	2,408	7.7%	2,492	8.0%	+18.0%	+3.5%

9-2. (Consolidated) 2019Q1 Financial Result P/L Outline 2/2

■ NAVIMRO (South Korea)

- New customer acquisition and repeat rate of usage were in line with plans, and so was Sales (plan in JPY was not attained due to currency rate difference between plan and result). Operating loss within plan.
- Expecting to attain fiscal year break-even in 2019.

	2018Q1 Result			2019Q1 Plan			2019Q1 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	920	+15.5%	+14.0%	1,120	+21.9%	+23.3%	1,100	+20.1%	△1.5%	+23.8%	+0.4%
Op. Income	△20	—	—	△50	—	—	△30	—	—	—	—

■ MONOTARO INDONESIA (Indonesia)

- Sales grew by 30% YoY but slightly not achieved plan due to not achieving targeted repeat rate of existing customers.
- Though slightly higher than plan, Operating Loss was in line with plan.

	2018Q1 Result			2019Q1 Plan			2019Q1 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	+48.8%	+58.6%	80	+28.7%	+32.0%	80	+27.4%	△1.0%	+30.6%	△1.0%
Op. Income	△50	—	—	△60	—	—	△70	—	—	—	—

■ ZORO SHANGHAI (China)

- Sales not achieved plan, since new customer acquisition, order rate upon customer registration, and repeat rate of usage were lower than plan.
- Operating loss was kept within plan.

	2018Q1 Result			2019Q1 Plan			2019Q1 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	—	—	—	10	—	—	※Note 0	—	△79.2%	—	△79.5%
Op. Income	—	—	—	△80	—	—	△60	—	—	—	—

※Note: Sales and profit/loss less than 10 million JPY are rounded down as shown in explanation material in Japanese language.

9-3. (Consolidated) 2019Q1 Financial Result B/S Outline

	Mar. 2018	Dec. 2018	Mar. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	7,270	12,381	8,298	16.2%
Accounts Receivable	11,489	11,546	13,105	25.6%
Inventory	8,648	9,987	10,436	20.4%
Other	3,602	4,269	4,119	8.0%
Total Current Asset	31,011	38,184	35,960	70.2%
Tangible Fixed Asset	9,722	9,620	12,151	23.7%
Intangible Fixed Assets	1,352	1,483	1,687	3.3%
Other	1,061	1,416	1,423	2.8%
Total Fixed Asset	12,136	12,521	15,262	29.8%
Total Assets	43,147	50,706	51,222	

From 2019Q1, Deferred Tax Assets are reported and included in Other Assets of Fixed Assets. So adjusted are Mar. & Dec. 2018 balance sheets for comparison purpose. Amounts subject to this are; 132 mil. in Mar. 2018, 196 mil. in Dec. 2018, and 165 mil. in Mar. 2019.

	Mar. 2018	Dec. 2018	Mar. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	7,554	8,318	9,157	17.9%
Short-term Debt & etc.	2,094	2,000	2,000	3.9%
Others	4,942	7,642	6,622	12.9%
Total Current Liabilities	14,591	17,961	17,780	34.7%
Total Long term Liabilities	4,448	2,906	2,540	5.0%
Total Liabilities	19,039	20,867	20,320	39.7%
Net Assets				
Shareholder's Equity	23,756	29,544	30,440	59.4%
Others	351	293	461	0.9%
Total Net Assets	24,107	29,838	30,902	60.3%
Total Liabilities & Net Assets	43,147	50,706	51,222	

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

9-4. (Consolidated) 2019Q1 Financial Result C/F Outline

	2018Q1 Result	2019Q1 Result
	Million JPY	Million JPY
Cash Flow from Operating Activity		
Net Income before Tax	3,068	3,586
Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 1,455	Δ 1,559
Increase or Decrease in Inventory (Δ = increase)	Δ 591	Δ 454
Increase or Decrease in Accounts Payable (Δ = decrease)	745	842
Tax payment	Δ 1,890	Δ 2,721
Others	1,075	207
Total	951	Δ 98
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	Δ 17	Δ 147
Acquisition of Intangible Assets	Δ 114	Δ 133
Others	Δ 37	73
Total	Δ 169	Δ 208
Cash Flow from Financing Activity		
Repayments of Long-term Loans	Δ 1,031	Δ 1,000
Repayments of Lease Obligations	Δ 3	Δ 1,306
Cash Dividends Paid	Δ 1,345	Δ 1,596
Others	210	222
Total	Δ 2,169	Δ 3,680
Currency Exchange Adjustment	Δ 30	10
Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)	Δ 1,417	Δ 3,977
Cash and Cash Equivalent at Beginning of Period	8,688	12,040
Cash and Cash Equivalent at End of Period	7,270	8,062

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

	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%

10-2. (Consolidated) 2019 Business Plan P/L Outline

	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 Plan (Jan. - Jun.)			2019 Q3-4 Plan (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. 2019 Business Strategy 1/4 Domestic (1)

■ B2B Online E-commerce (monotaro.com)

- Expanding Customer Base
 - Increasing traffic to monotaro.com webpages by further utilization of marketing data, by continuously expanding product lineup, improving listing ads. of keywords and of products and SEO, etc. Continuing to improve landing pages to enhance conversion rate for achieving 2019 plan of new customer acquisition (721 thou.) while maintaining acquisition cost stable.
- Expanding Sales to Existing Customers
 - Increasing sales per customer by installing and developing new systems for optimizing balances in inventories among DCs, for improving inter-DC deliveries, and for improving distribution network to shorten lead-time of deliveries to customers and by working as well on industry-classified search results and promotions.

■ System Connection with Large Corporations

- Progress of Contracted Corporations

	2018Q4 End Result	2019Q1 End Result		
	No. Corp.	No. Corp.	vs 2018Q4 End	Remarks
Total number of corporations	604	639	+35	
One Source	12	13	+1	2 considering
One Source Lite	172	209	+37	221 considering

- Strengthening Structure of Team
 - Increasing number of corporate sales group members. Planning to open sales base in Chubu area (Central Japan) in addition to existing Tokyo and Amagasaki sales bases.
 - Working for further business growth (2019 plan: +44% YonY) by expanding numbers of customers, of points in use, of accounts, and sales per account.

11-2. 2019 Business Strategy 2/4 Domestic (2)

■ Consulting/Royalty Business

- Grainger's Zoro business (US, Europe) continues system developments for expanding product lineup to acquire new customers and to maintain further growth. Consequently expenses concerned are expected to rise, and thus operation income lowers. Consulting/Royalty earnings is to decrease, as result.

■ Strengthening Marketing and System Development Skills based on Data Science

- Continue to hire data-scientists and IT engineers (around 30 people planned at Tokyo office in 2-3 years).
- From 2018 several started working at MonotaRO (at Amagasaki HQ and Tokyo Office).
- Data-scientists and IT engineers going to work on marketing and system development (monotaro.com and backbone system).

■ New IT Platform for Advanced Supply Chain (installation project started in 2019)

- Improvement of Product Information Management
 - Enhancing management of product information variety expected to enlarge in response to expansion of product SKU, and improving efficiency of obtaining such information.
 - Considering managing product information in multi-languages for smooth rolling out to overseas subsidiaries.
- Introduction of Order Management System
 - Building structures for selecting optimal shipment solutions even in changing conditions for more diverse shipping bases and routes expected to emerge associated with future expansion of logistic network.
 - Optimizing order management (selecting optimal ship-in & ship-out sites and delivery routes in timely manner, consolidating product packings, etc.) to lower costs and to shorten times of deliveries, when receiving order of products not in inventory (out-of-stock, back-order, or drop-ship).

11-3. 2019 Business Strategy 3/4 Logistics (1)

- Distribution-related Cost Ratio 2019Q1 Result: 5.8%
 - Despite increases in Labor & Outsourcing Expense and Other Expenses (equipment, packaging materials) ratios during 2nd phase of Kasama DC's facilities expansion, Depreciation Expense ratio was scaled down by increase in Sales, and thus Distribution-related Cost ratio remained at Last Year's level.
 - Distribution-related Cost decreased from plan by 0.2pt., due mainly to improved productivity of Amagasaki DC resulting in lower Labor & Outsourcing expense ratio.



Amagasaki DC



Kasama DC

- Inventory
 - As of Mar. 31, 2019: 422 thou. (planning to increase up to 470 thou. in 2019).
 - Continuing to expand inventory optimally allocated among DCs to improve customers' conveniences through shortening lead-time.



Hokkaido DC (in Dohoh Sapporo Post Office)

	2018Q1 Result		2019Q1 Plan		2019Q1 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)	24,048		30,105		29,879		+24.2%	△0.7%
Depreciation	169	0.7%	162	0.5%	159	0.5%	△6.0%	△1.7%
Labor & Outsourcing	756	3.1%	1,013	3.4%	965	3.2%	+27.5%	△4.8%
Facility Rent	274	1.1%	342	1.1%	343	1.1%	+25.2%	+0.2%
Others	192	0.8%	292	1.0%	272	0.9%	+41.3%	△7.0%
Total	1,393	5.8%	1,811	6.0%	1,740	5.8%	+24.9%	△3.9%

11-4. 2019 Business Strategy 4/4 Logistics (2)

■ Expansion of Kasama DC Facilities

- Facilities expansion completed (3 billion JPY invested).
 - Added 114 AGV robots (total 268 in operation).
 - Added 28 picking stations (total 44 in operation).
 - Technology of projection mapping is utilized at picking stations to visualize location and quantity of product, which is expected to raise distribution quality.
 - Becoming capable of meeting 160 billion JPY sales after expansion is completed.

■ Operation Capacity Expansion for Sales Increase

- Considering capacity expansion for 2021.
- Confirming maximum shipment capacity with current facilities.
- Considering expansion either by expansion of current DCs or establishing new DC. Scheduling expansion based upon current-maximum capacity (expansion plan is to be announced in explanation material for 2019Q2 financial result).

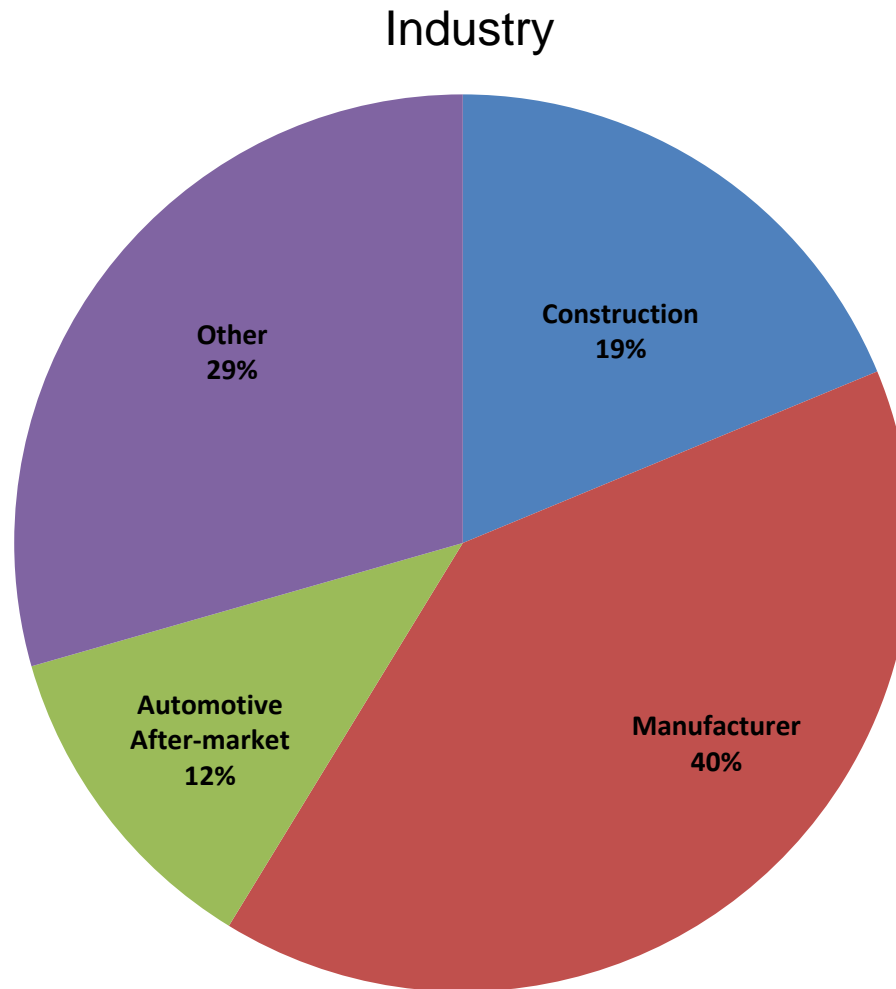


Picking operation with projection mapping utilized



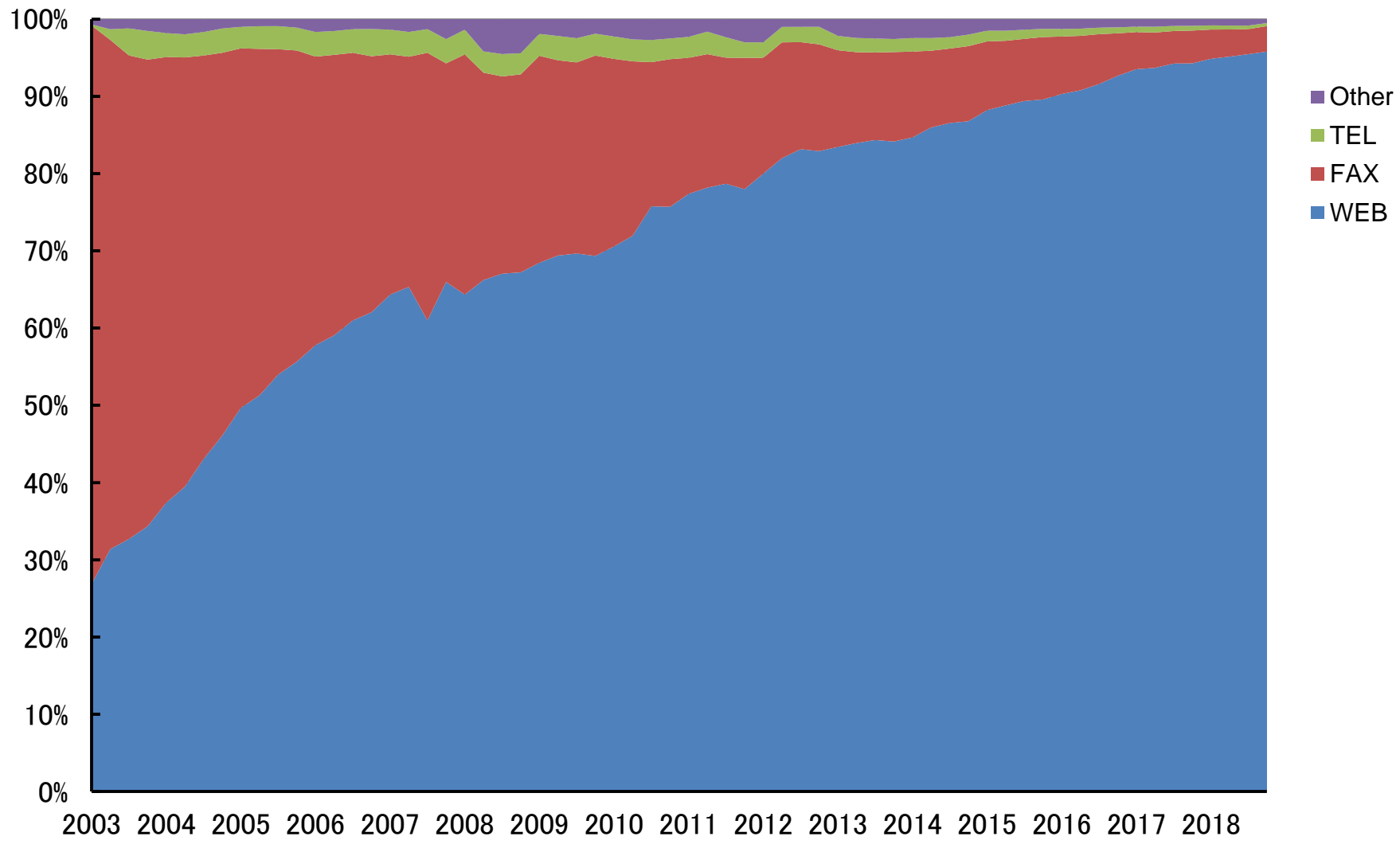
AGV robots operation area after facilities expansion completed

Reference 1. Customer Demographics



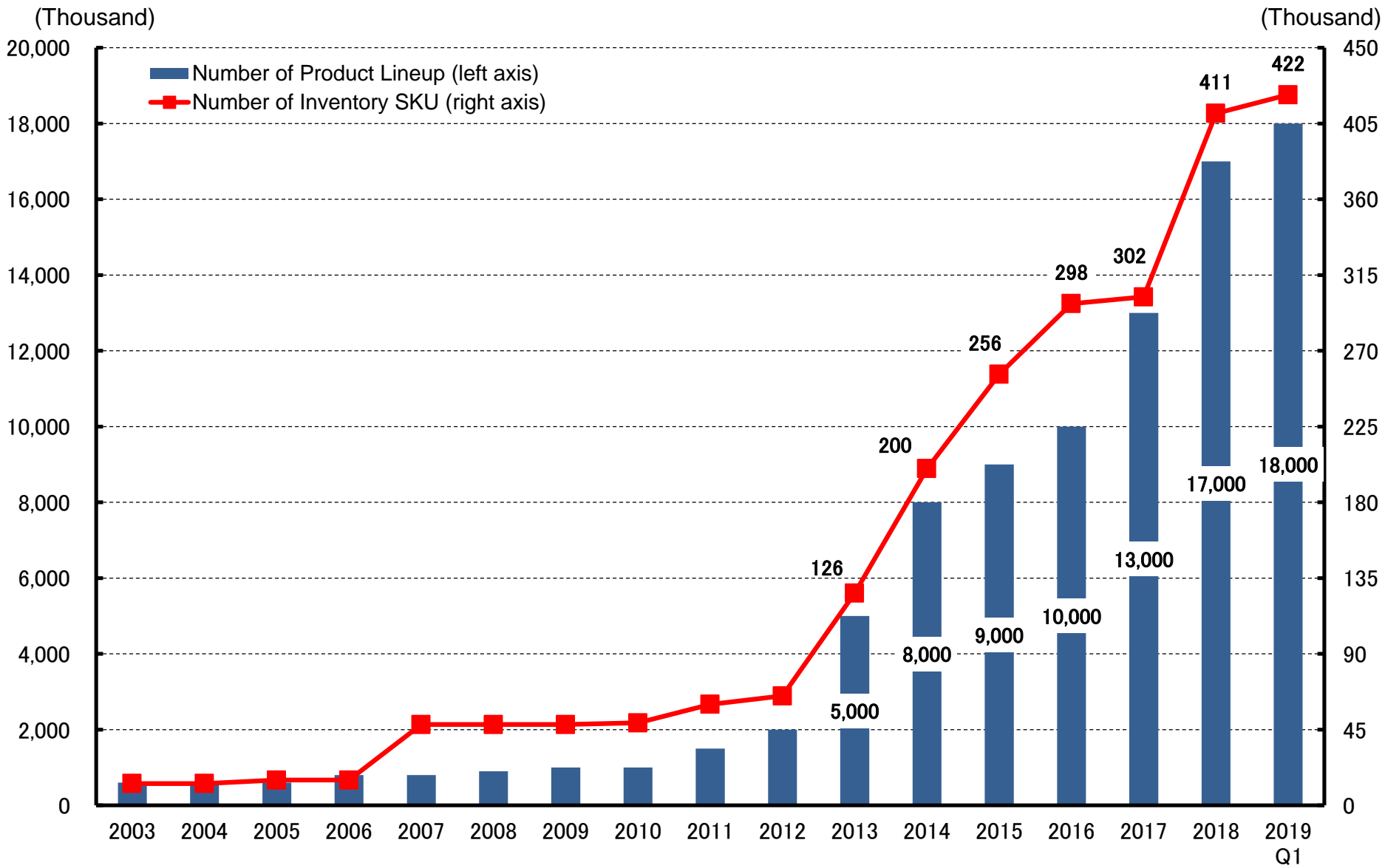
Ratio by sales amount in 2018
(Sales through Shopping website-excluding sales through API connection)

Reference 2. Internet PO Ratio



Based on Sales in each FY

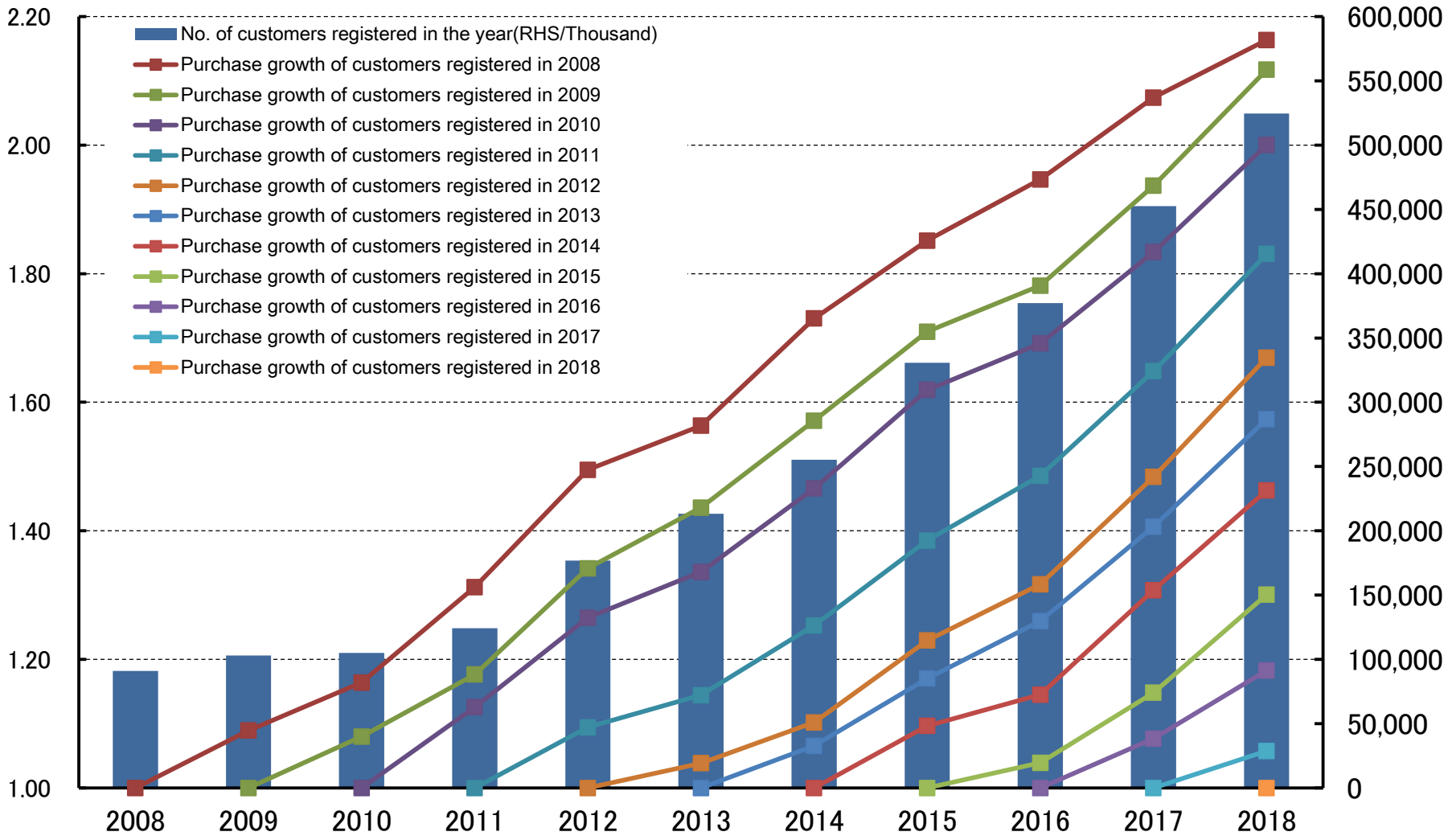
Reference 3. Product Lineup & Inventory



Reference 4. Customers' Purchase Growth History

(Growth Rate of Sales)

(Number of Registered Customers)

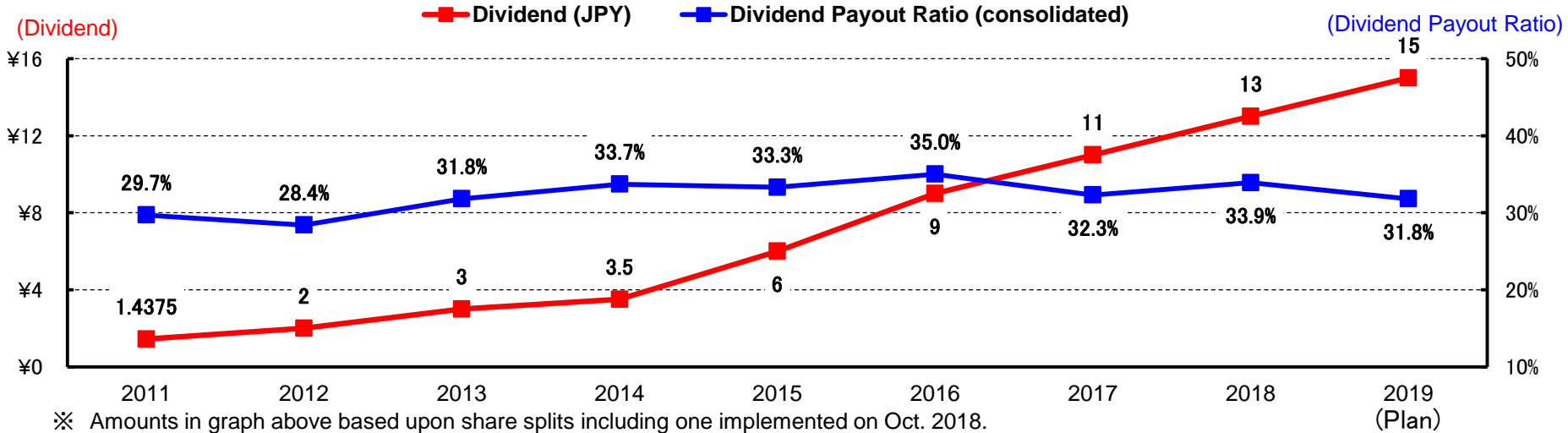


The history of the total purchase amounts of customers who registered in a year, setting total purchase amount in the first year as 1.

Reference 5. Dividend & Shareholder Benefit

■ Dividend

- Dividend Policy: Distributing dividend consistent with stable and ongoing growth.
- 2018 Dividend: 13 JPY/share (interim dividend 6.5 JPY and year-end dividend 6.5 JPY).
- 2019 Dividend Plan: 15 JPY/share.



■ 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 Income		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	214,297	+59.4%
		9,120	12,976	14,163	14,276	14,364	+57.5%
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%
NaI TO (7624) - (F)	Wholesaler	51,479	43,483	43,473	46,587	50,014	Δ2.8%
		1,343	585	496	728	928	Δ30.9%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	41,361	41,597	44,315	45,417	+9.5%
		2,292	1,843	1,950	2,461	2,870	+25.2%
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	Δ17.7%
Uematsu (9914) - (M)	Retailer	7,647	5,755	6,217	7,125	7,000	Δ8.5%
		190	0	40	92	67	Δ64.7%
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 Apr. 25, 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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