




Quarter 3, FY2019
(Jan. to Sep. 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 Sep. 2019)	
Number of Customers	<ul style="list-style-type: none">• More than 3.9 million	
Capital Stock	<ul style="list-style-type: none">• 1.98 billion JPY or 18.3 million USD (USD1=JPY107.92)	
Number of Employees	<ul style="list-style-type: none">• 2,260 including 557 regular employees (as of Sep. 30, 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
- Piping, Pumps, 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, Storage / Packing Supplies / Tapes
- 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
- Safety Supplies, Safety Signs



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; 575 thousand items are available for same day shipment.
- 449 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

- 21 separate volumes for better targeting

6. Data Mining and Campaign Management

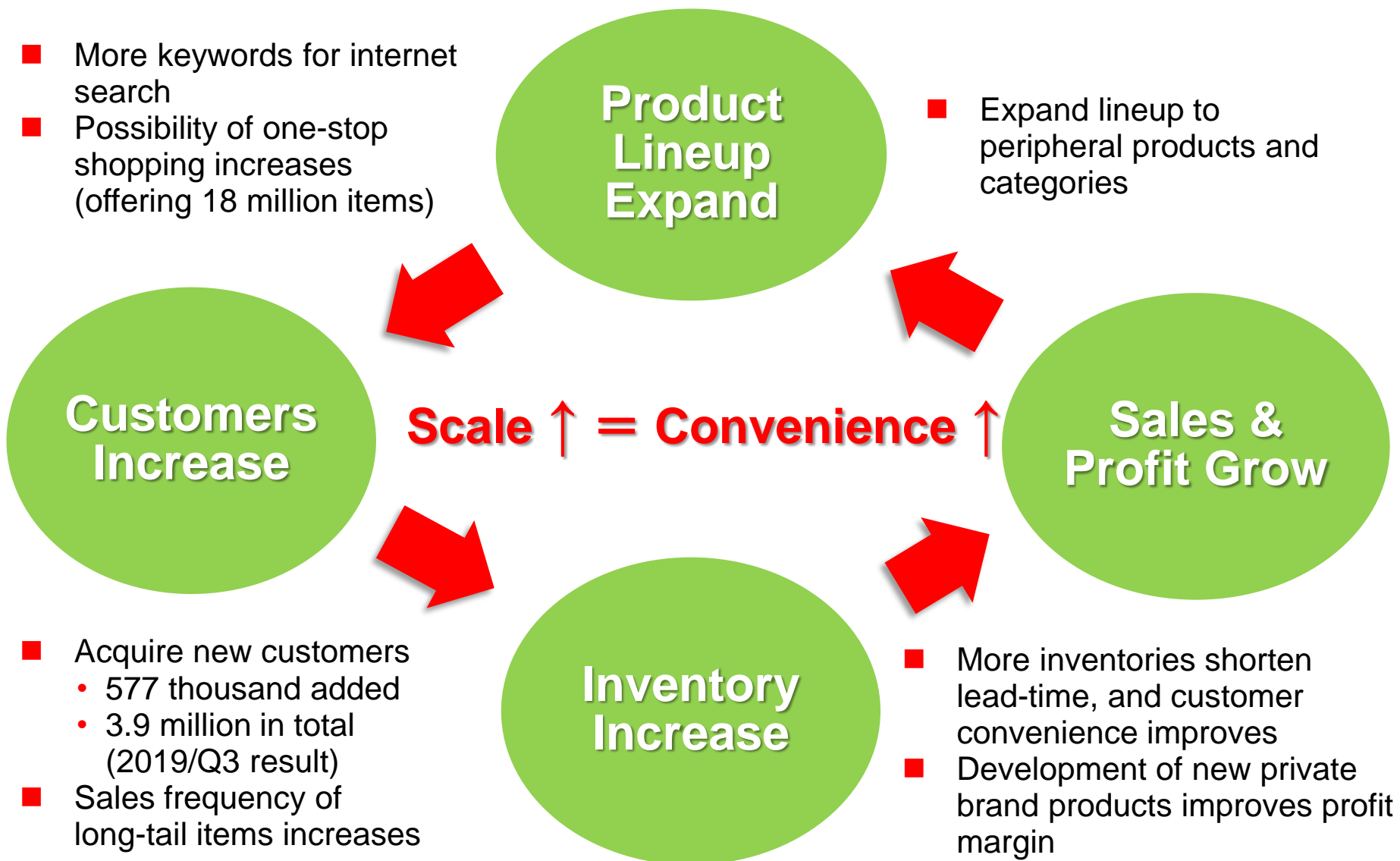
- Promotions optimized by industry categories for more effectiveness and efficiency



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) 2019Q3 Financial Result P/L Outline 1/2

■ Sales: 93,070 million JPY (YonY +22.5%, A/F Δ2.4%)

- Improving both internet search keywords ad. and product listing ad. (PLA), working on search engine optimization (SEO), expanding product lineup, etc. increased traffics through both smartphones and PC contributing to new customer acquisition (577 thou.). Sales through monotaro.com exceeded last year but not achieved plan due mainly to rushed and additional demand ahead of consumption tax rate raise lower than expected and to new customers' order amount per person not achieved plan.
- Number and usage of large corporation customers increased, and sales exceeded last year and plan.

Jan. – Sep. 2018 Result				Jan. – Sep. 2019 Plan			Jan. – Sep. 2019 Result				
No.Corp.	Million JPY	YonY	/Total Sales	Million JPY	YonY	/Total Sales	No.Corp.	Million JPY	YonY	vs Plan	/Total Sales
581	9,500	+52%	12.5%	13,900	+47%	14.6%	755	14,400	+52%	+3%	15.5%

■ Gross Profit: 26,594 million JPY (YonY +17.2%, A/F Δ3.5%)

- Gross Profit Ratio (GP%) decreased from last year by 1.3 pt. due to higher delivery cost ratio (Δ0.3 pt.) caused by delivery charge hike, etc., to change in product mix and increase in large corporation sales (Δ0.1 pt.), and to decrease in consulting/royalty earnings from overseas, etc.
- GP% decreased from plan by 0.3 pt. Product GP ratio increased (+0.2 pt.) due to increase in sales ratio of imported products, etc., but cost ratio of product transfers between DCs increased by 0.1 pt., and consulting/royalty earnings decreased, etc., which resulted in lower GP% than plan.

■ SG&A Expense: 14,824 million JPY (YonY +21.7%, A/F Δ3.4%)

- SG&A ratio (SG&A%) decreased from last year by 0.1 pt. due to decrease in Advertising Expense ratio (advanced issue of catalogs increased cost ratio, but less broadcasting of TV ad. decreased cost ratio more) and to Sales growth.
- SG&A% decreased from plan by 0.2 pt. due to lower Labor Expense ratio caused by not achieved recruitment plan (Δ0.1 pt.) and to increase in transfer of Labor Expense to asset resulted from increase in in-house software development, etc.

■ Operating Income: 11,769 million JPY (YonY +12.1%, A/F Δ3.6%)

■ Net Income: 8,020 million JPY (YonY +11.2%, A/F Δ5.2%)

- Net Income ratio (NI%) decreased from last year by 0.9 pt. Rate of corporate taxes, etc. decreased, but due to lower Operating Income ratio (Δ1.2pt.) and Extraordinary Loss (EL) of 230 mil. JPY incurred for restoration of residents/businesses in area of Takatsuki-city explosion accident.
- NI% decreased from plan by 0.3 pt., due to decrease in Op. Income ratio by 0.2 pt. and to EL incurred.

7-2. (Non-consolidated) 2019Q3 Financial Result P/L Outline 2/2

	Jan. – Sep. 2018 Result		Jan. – Sep. 2019 Plan		Jan. – Sep. 2019 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YoY	vs Plan
Sales	75,987		95,351		93,070		+22.5%	△2.4%
Gross Profit	22,684	29.9%	27,563	28.9%	26,594	28.6%	+17.2%	△3.5%
SG&A Exp.	12,183	16.0%	15,349	16.1%	14,824	15.9%	+21.7%	△3.4%
Operating Income	10,500	13.8%	12,214	12.8%	11,769	12.6%	+12.1%	△3.6%
Current Income	10,475	13.8%	12,188	12.8%	11,787	12.7%	+12.5%	△3.3%
Net Income (Tax Rate)	7,213 (31.0%)	9.5%	8,460 (30.6%)	8.9%	8,020 (30.6%)	8.6%	+11.2%	△5.2%

7-3. (Non-consolidated) 2019Q3 Financial Result B/S Outline

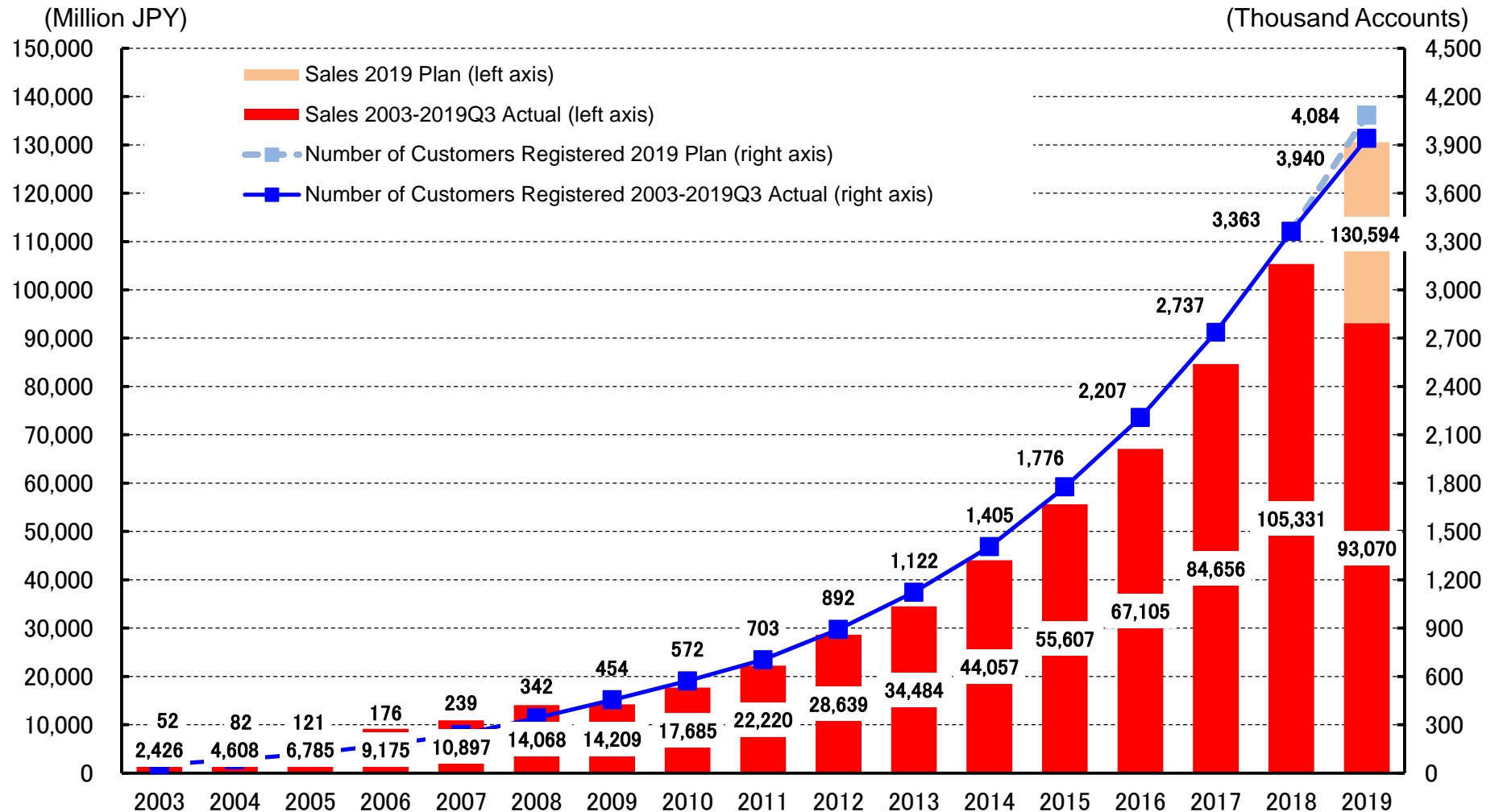
	Sep. 2018	Dec. 2018	Sep. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	7,715	11,610	5,766	10.5%
Accounts Receivable	10,969	11,476	14,020	25.5%
Inventory	9,249	9,543	10,911	19.9%
Other	3,797	4,225	4,163	7.6%
Total Current Asset	31,731	36,856	34,862	63.4%
Tangible Fixed Asset	9,567	9,598	12,193	22.2%
Intangible Fixed Assets	1,295	1,316	2,399	4.4%
Other	3,512	3,815	5,498	10.0%
Total Fixed Asset	14,376	14,729	20,092	36.6%
Total Assets	46,107	51,585	54,954	

From 2019Q1, Deferred Tax Assets are all reported in Fixed Assets (Other). So adjusted are Sep. & Dec. 2018 balance sheets for comparison purpose. Amounts included in Current Assets (Others) under old accounting standard are as follows: 165 mil. in Sep. 2018, 195 mil. in Dec. 2018, and 171 mil. in Sep. 2019

	Sep. 2018	Dec. 2018	Sep. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	6,905	8,015	8,994	16.4%
Short-term Debt & etc.	2,031	2,000	2,498	4.5%
Others	5,980	7,523	5,815	10.6%
Total Current Liabilities	14,917	17,539	17,308	31.5%
Total Long term Liabilities	2,639	2,879	1,939	3.5%
Total Liabilities	17,557	20,419	19,248	35.0%
Net Assets				
Shareholder's Equity	28,510	31,130	35,656	64.9%
Others	40	35	49	0.1%
Total Net Assets	28,550	31,166	35,706	65.0%
Total Liabilities & Net Assets	46,107	51,585	54,954	

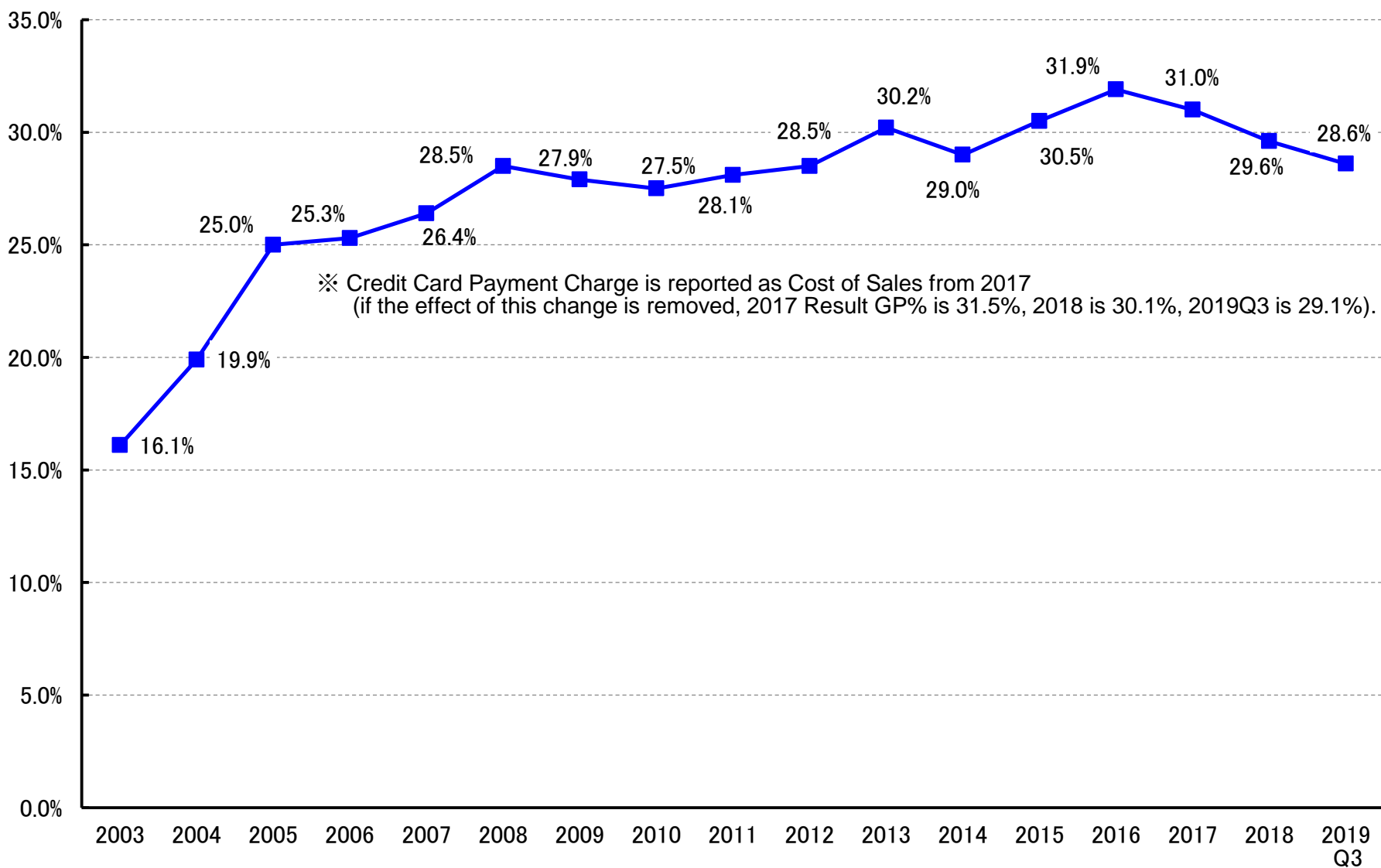
Short-term Debt & etc. includes short-term debt & current portion of long-term debt.

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

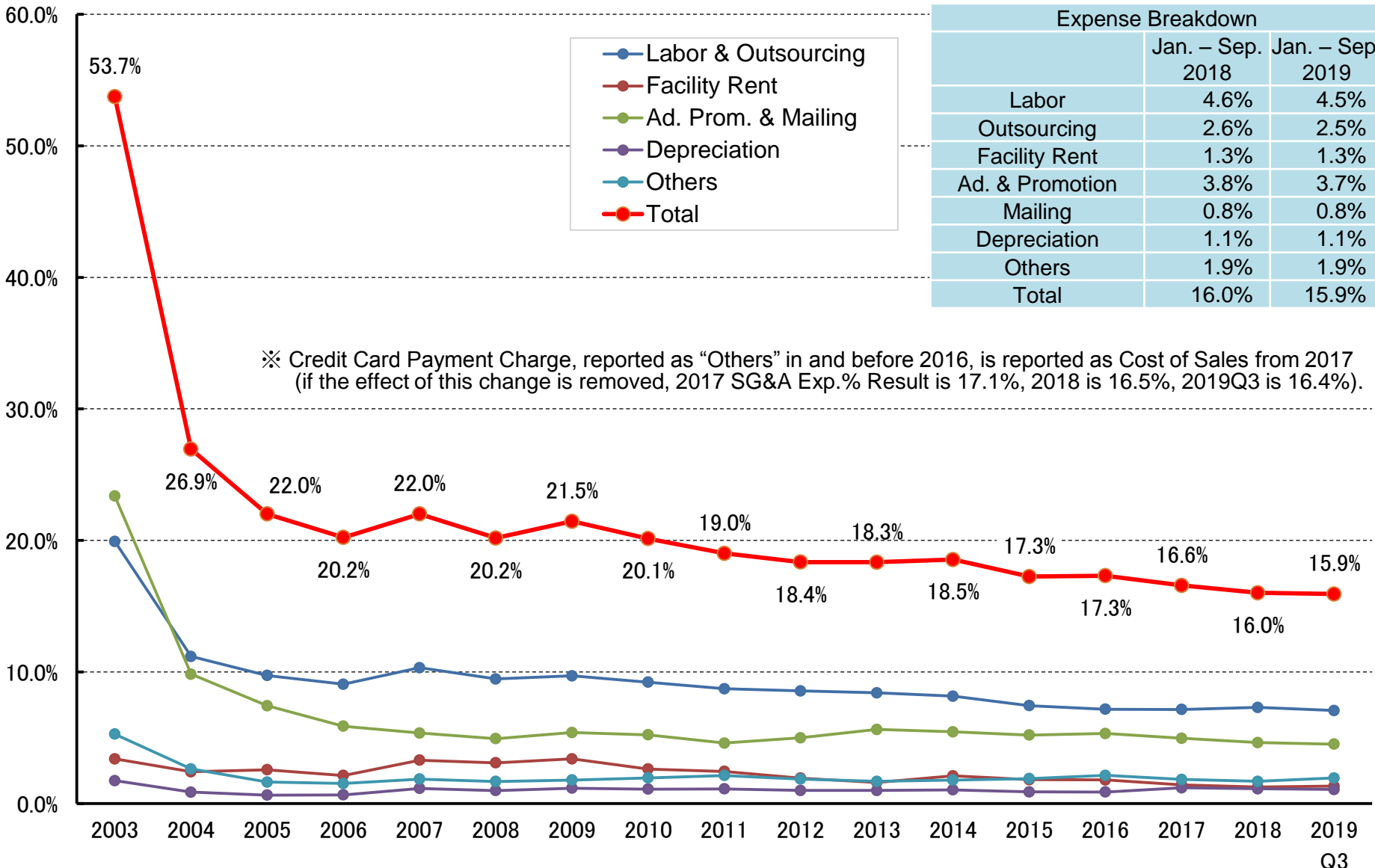


	Dec. 2018	Sep. 2019		Dec. 2019 (Plan)	
Number of Customers (Registered Accounts)	3,363,711	3,940,785	+577,074 (vs. Dec. 2018)	4,084,711	+721,000 (vs. Dec. 2018)

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



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



9-1. (Consolidated) 2019Q3 Financial Result P/L Outline 1/2

	Jan. – Sep. 2018 Result		Jan. – Sep. 2019 Plan		Jan. – Sep. 2019 Result			
	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	Amount (million JPY)	Ratio to Sales	YonY	vs Plan
Sales	78,985		99,405		96,653		+22.4%	△2.8%
Gross Profit	23,312	29.5%	28,496	28.7%	27,306	28.3%	+17.1%	△4.2%
SG&A Exp.	13,156	16.7%	16,821	16.9%	16,003	16.6%	+21.6%	△4.9%
Operating Income	10,155	12.9%	11,675	11.7%	11,303	11.7%	+11.3%	△3.2%
Current Income	10,148	12.8%	11,669	11.7%	11,345	11.7%	+11.8%	△2.8%
Net Income (Tax Rate)	6,888 (32.0%)	8.7%	7,941 (31.9%)	8.0%	7,580 (31.8%)	7.8%	+10.0%	△4.6%
Net Income attributable to owners of the parent	6,986	8.8%	8,131	8.2%	7,752	8.0%	+11.0%	△4.7%

9-2. (Consolidated) 2019Q3 Financial Result P/L Outline 2/2

■ NAVIMRO (South Korea)

- Improving internet search keyword ad., product listing ad., and SEO, which are contributing to achieving new customers acquisition above plan in recent months.
- Sales below plan, but Operating Loss within plan. Forecasting to attain fiscal year break-even in 2019.

	Jan. – Sep. 2018 Result			Jan. – Sep. 2019 Plan			Jan. – Sep. 2019 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	2,820	+11.1%	+8.8%	3,640	+28.9%	+29.7%	3,300	+16.9%	Δ9.3%	+25.0%	Δ3.6%
Op. Income	Δ60	–	–	Δ20	–	–	Δ10	–	–	–	–

■ MONOTARO INDONESIA (Indonesia)

- Sales grew from last year by 40% but did not attain plan.
- New customer acquisition and first order rate are improving, and trying to increase sourcing of local brand products.
- Though slightly higher than plan, Operating Loss was about in line with plan.

	Jan. – Sep. 2018 Result			Jan. – Sep. 2019 Plan			Jan. – Sep. 2019 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	+40.5%	+50.9%	280	+50.9%	+50.9%	260	+41.6%	Δ6.2%	+43.4%	Δ4.9%
Op. Income	Δ160	–	–	Δ190	–	–	Δ210	–	–	–	–

■ ZORO SHANGHAI (China)

- Sales not attained plan, but new customer acquisition and first order rate are improving.
- Operating Loss kept within plan.

	Jan. – Sep. 2018 Result			Jan. – Sep. 2019 Plan			Jan. – Sep. 2019 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	※Note 0	–	–	120	–	–	30	–	Δ71.6%	–	Δ71.4%
Op. Income	Δ100	–	–	Δ300	–	–	Δ230	–	–	–	–

※Note: Operation started late June 2018. Although there were Sales in 2018Q3, Sales less than 10 million JPY were rounded down to “0” as shown in explanation material in Japanese language.

9-3. (Consolidated) 2019Q3 Financial Result B/S Outline

	Sep. 2018	Dec. 2018	Sep. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Assets				
Cash	8,559	12,381	6,551	12.2%
Accounts Receivable	11,028	11,546	14,137	26.3%
Inventory	9,704	9,987	11,327	21.1%
Other	3,855	4,269	4,212	7.8%
Total Current Asset	33,147	38,184	36,228	67.4%
Tangible Fixed Asset	9,591	9,620	12,221	22.7%
Intangible Fixed Assets	1,448	1,483	2,560	4.8%
Other	1,117	1,416	2,754	5.1%
Total Fixed Asset	12,157	12,521	17,535	32.6%
Total Assets	45,305	50,706	53,764	

From 2019Q1, Deferred Tax Assets are all reported in Fixed Assets (Other). So adjusted are Sep. & Dec. 2018 balance sheets for comparison purpose. Amounts included in Current Assets (Others) under old accounting standard are as follows:
165 mil. in Sep. 2018, 196 mil. in Dec. 2018, and 187 mil. in Sep. 2019

	Sep. 2018	Dec. 2018	Sep. 2019	
	Million JPY	Million JPY	Million JPY	Ratio
Liabilities				
Accounts Payable	7,151	8,318	9,285	17.3%
Short-term Debt & etc.	2,031	2,000	2,498	4.6%
Others	6,080	7,642	5,922	11.0%
Total Current Liabilities	15,263	17,961	17,706	32.9%
Total Long term Liabilities	2,683	2,906	1,983	3.7%
Total Liabilities	17,946	20,867	19,690	36.6%
Net Assets				
Shareholder's Equity	27,007	29,544	33,818	62.9%
Others	350	293	255	0.5%
Total Net Assets	27,358	29,838	34,074	63.4%
Total Liabilities & Net Assets	45,305	50,706	53,764	

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

9-4. (Consolidated) 2019Q3 Financial Result C/F Outline

	Jan. – Sep. 2018	Jan. – Sep. 2019
	Result	Result
	Million JPY	Million JPY
Cash Flow from Operating Activity		
Net Income before Tax	10,127	11,108
Increase or Decrease in Accounts Receivable (Δ = increase)	Δ 993	Δ 2,599
Increase or Decrease in Inventory (Δ = increase)	Δ 1,638	Δ 1,379
Increase or Decrease in Accounts Payable (Δ = decrease)	338	995
Tax payment	Δ 3,630	Δ 4,947
Others	2,015	1,107
Total	6,218	4,284
Cash Flow from Investing Activity		
Acquisition of Tangible Assets	Δ 156	Δ 984
Acquisition of Intangible Assets	Δ 455	Δ 1,014
Others	Δ 68	Δ 946
Total	Δ 680	Δ 2,945
Cash Flow from Financing Activity		
Repayments of Long-term Loans	Δ 2,094	Δ 2,000
Repayments of Lease Obligations	Δ 841	Δ 1,496
Cash Dividends Paid	Δ 2,970	Δ 3,471
Others	276	200
Total	Δ 5,629	Δ 6,767
Currency Exchange Adjustment	Δ 37	Δ 64
Net Increase or Decrease in Cash and Cash Equivalent (Δ = decrease)	Δ 129	Δ 5,492
Cash and Cash Equivalent at Beginning of Period	8,688	12,040
Cash and Cash Equivalent at End of Period	8,559	6,547

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	YoY
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%

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	YoY
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 (Tax Rate)	9,366 (32.0%)	8.6%	11,457 (30.7%)	8.4%	+22.3%
Net Income attributable to owners of the parent	9,515	8.7%	11,715	8.6%	+23.1%

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

■ NAVIMRO (South Korea)

- Though 2019Q1-3 Sales below plan, Operation Loss within plan.
- Forecasting 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)

- Though below plan, Sales increased so far by 40% from last year. Operating Income progressing at planned level.
- Continuing to work on optimizing supply chain for expanding Sales.

	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)

- Working on listing ad. and SEO through various channels, improving communication with prospect customers, etc. to increase traffic to website, customer acquisition, first order and repeat rates for expanding Sales.

	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.

11-1. 2019 Business Strategy 1/3 Domestic Business (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, and by improving listing ads. of keywords and products, SEO, etc. Continuing to manage acquisition cost in acquiring new customers (forecasting to achieve new customer acquisition plan of 721 thou.).
- Improving Customer Life Time Value
 - Improving customer life time value by effective allocation of acquisition resources based upon product search trends (searched product category, searched timing, etc.).
- Expanding Sales to Existing Customers
 - Increasing sales per customer by optimizing product search results and promotions based upon customer attributes and by installing and developing systems (including Order Management System) for shortening time and for improving delivery efficiency.

■ System Connection with Large Corporations

• Progress of Contracted Corporations

	Dec. 2018 End Result	Sep. 2019 End Result		
	No. Corp.	No. Corp.	vs Dec. 2018 End	Remarks
Total number of corporations	604	755	+151	
One Source	12	14	+2	1 considering
One Source Lite	172	339	+167	277 considering

- Strengthening Team Structure
 - Increasing number of corporate sales group members. Besides Tokyo and Amagasaki (Hyogo) sales bases, opened Nagoya sales base, and started operations in Sep. 2019.
 - Working for further business growth by expanding numbers of customers, of points in use, of accounts, and sales per account.

11-2. 2019 Business Strategy 2/3 Domestic Business (2)

■ Consulting/Royalty Business

- Grainger's Zoro business (US, Europe) is, for sustainable growth, continuing improving business by expanding product lineup to expand customer base and strengthening system developments and team staffs (incurring expenses with investment prospects).
- Zoro's operating income declined from last year, and thus amount of Consulting/Royalty MonotaRO received is decreasing (much lower than plan).

■ Strengthening Marketing and System Development Skills based on Data Science

- Continuing expanding team of data-scientists, IT engineers (about 30 people in 2-3 years).
- Continuing developing team at Tokyo office.
- Data-scientists and IT engineers going to work on digital marketing and system development (Web site and backbone system).

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

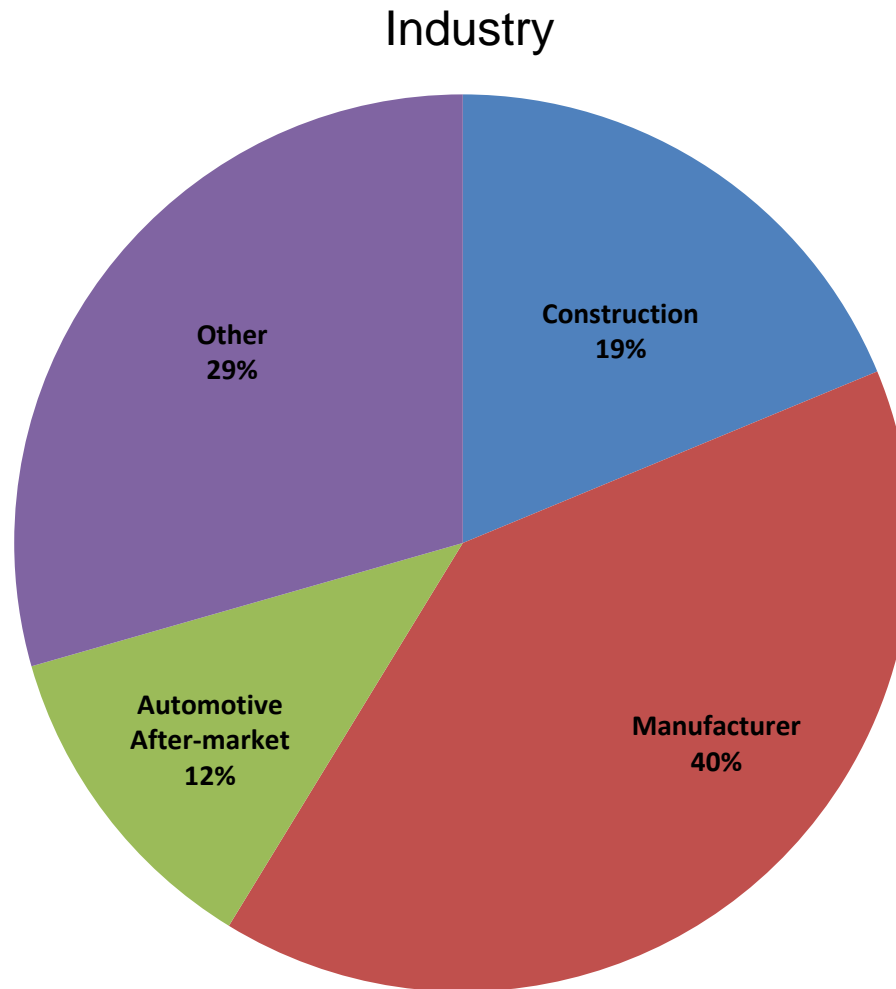
- Improvement of Product Information Management
 - Initial version planned to launch in first half of year 2020.
 - Developing master data infrastructure (products, suppliers, etc.) to handle more product information in response to expansion of products number.
 - In future, establishing suppliers' portal site and preparing work flows for improving operation and cost efficiencies of product information obtainment, and organizing information in multi-languages for smooth rolling out to overseas subsidiaries.
- Introduction of Order Management System
 - Initial version planned to launch in first half of year 2020.
 - Selecting optimal shipment methods based upon various rules for shortening delivery leadtime, for leveling shipment operations, reducing split shipments, etc. to optimize shipment network and to minimize delivery related costs.

11-3. 2019 Business Strategy 3/3 Logistics

- **Distribution-related Cost Ratio 2019Q1-3 Result: 6.1%**
 - Though Distribution-related Cost kept within plan, due to Sales not achieving plan, Distribution-related Cost ratio increased from last year and plan by 0.1 pt.
 - Despite shipments shifted from Amagasaki DC to Kasama DC with facilities expanded and hence with higher productivity, Labor & Outsourcing Cost ratio stayed at last year's level due to salary increase for part time workers to secure personnel at both DCs.
- **Inventory**
 - As of Sep. 30, 2019: 449 thou. items (planning to increase up to 460 - 470 thou. in 2019).
- **Delivery Status**
 - Operation rate of expanded Kasama DC is rising.
 - Shipment from Kasama DC exceeding that of Amagasaki DC in June, 2019 onwards.
- **New Distribution Bases**
 - Land developments and layout plannings of both Ibaraki Chuo Satellite Center (SC) and Inagawa DC are on schedule.

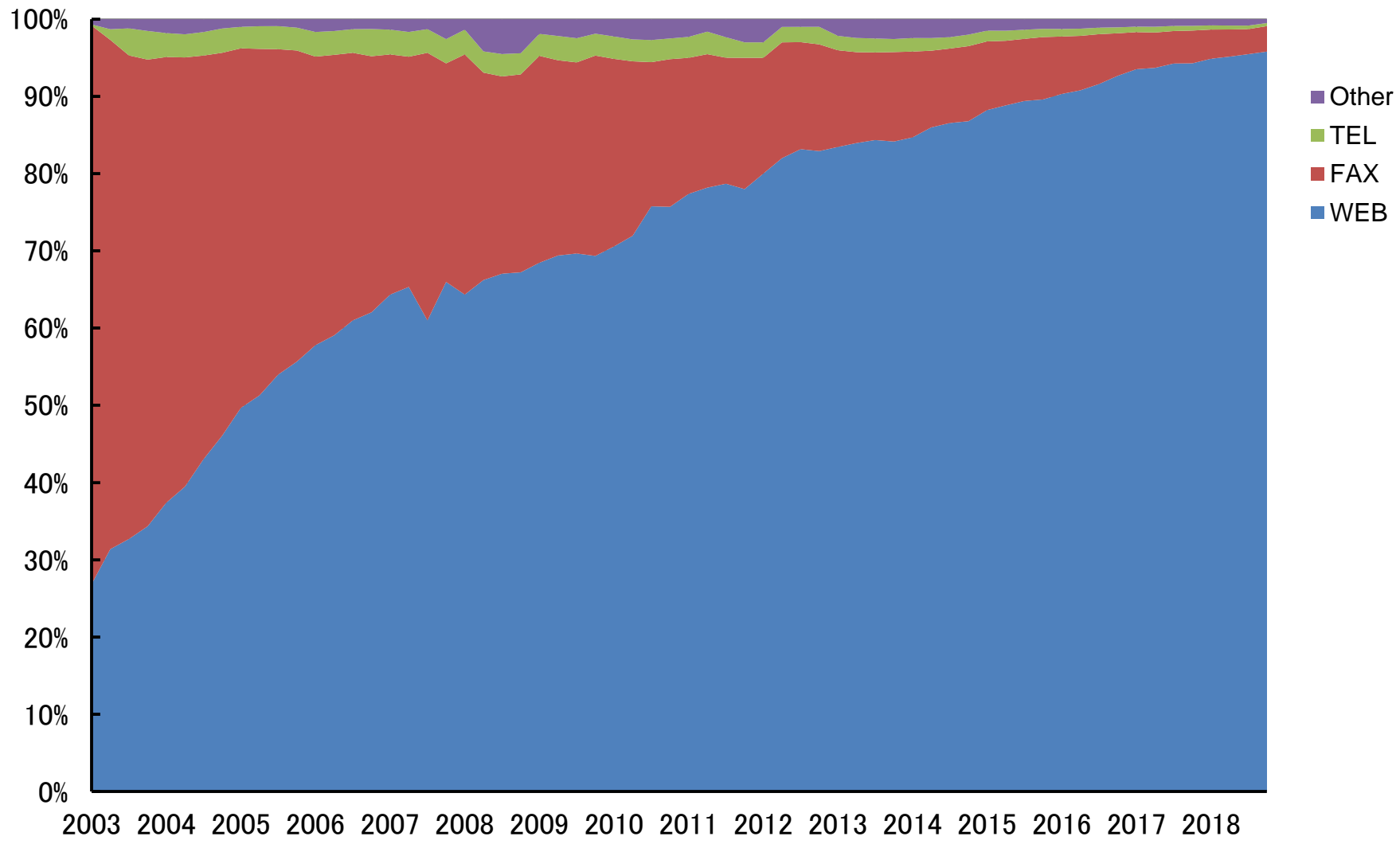
	Jan. – Sep. 2018 Result		Jan. – Sep. 2019 Plan		Jan. – Sep. 2019 Result			
	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	Amount (mil.JPY)	Ratio to Sales	YonY	vs Plan
Sales (Non Consolidated)	75,987		95,351		93,070		+22.5%	△2.4%
Depreciation	514	0.7%	690	0.7%	611	0.7%	+19.0%	△11.4%
Labor & Outsourcing	2,490	3.3%	3,106	3.3%	3,065	3.3%	+23.1%	△1.3%
Facility Rent	857	1.1%	1,095	1.1%	1,095	1.2%	+27.8%	△0.0%
Others	670	0.9%	853	0.9%	900	1.0%	+34.2%	+5.5%
Total	4,532	6.0%	5,745	6.0%	5,673	6.1%	+25.2%	△1.3%

Reference 1. Customer Demographics



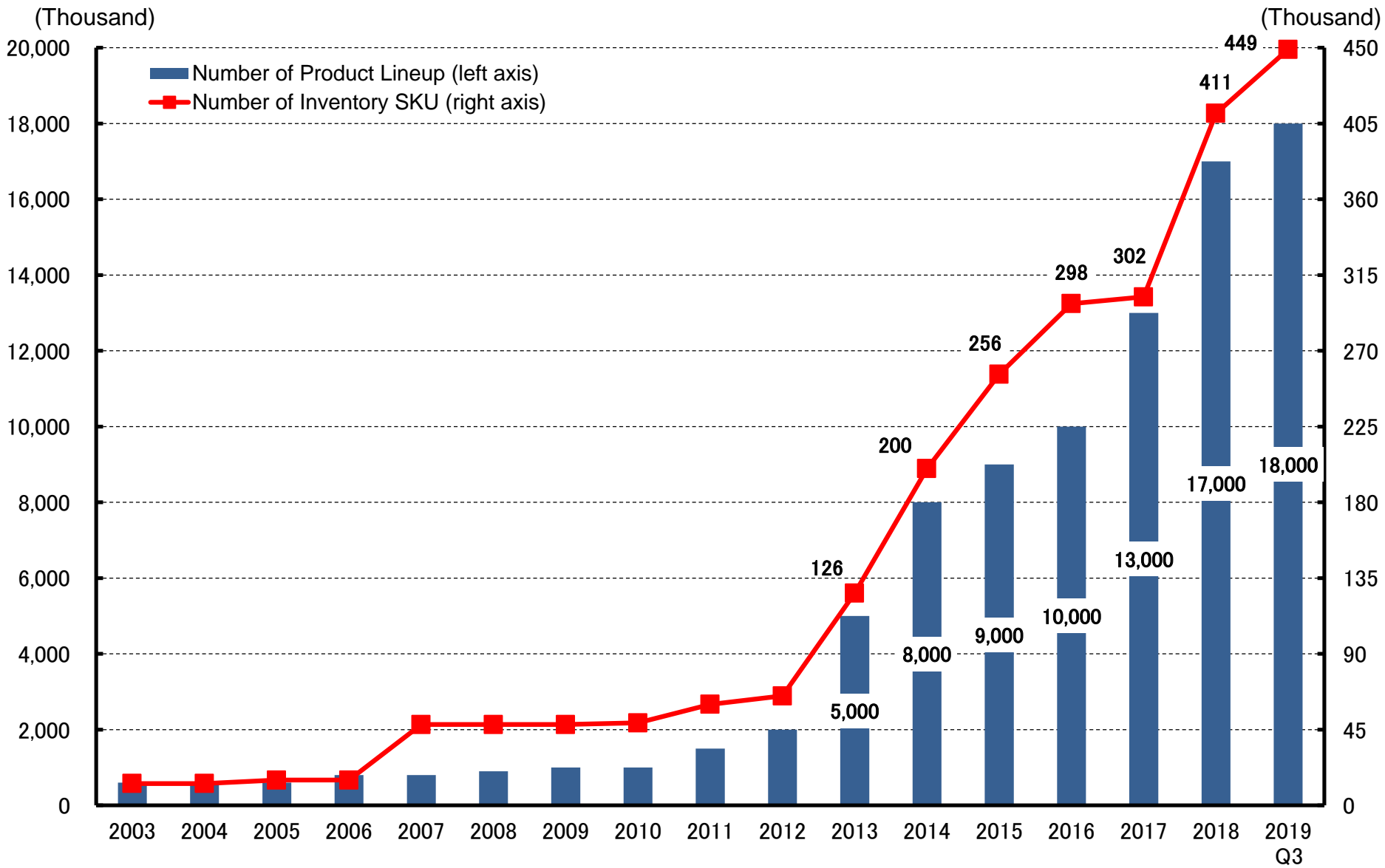
Ratio by sales amount in 2018
(Sales through Shopping website-excluding sales through API connection)

Reference 2. Internet PO Ratio



Based on Sales in each FY

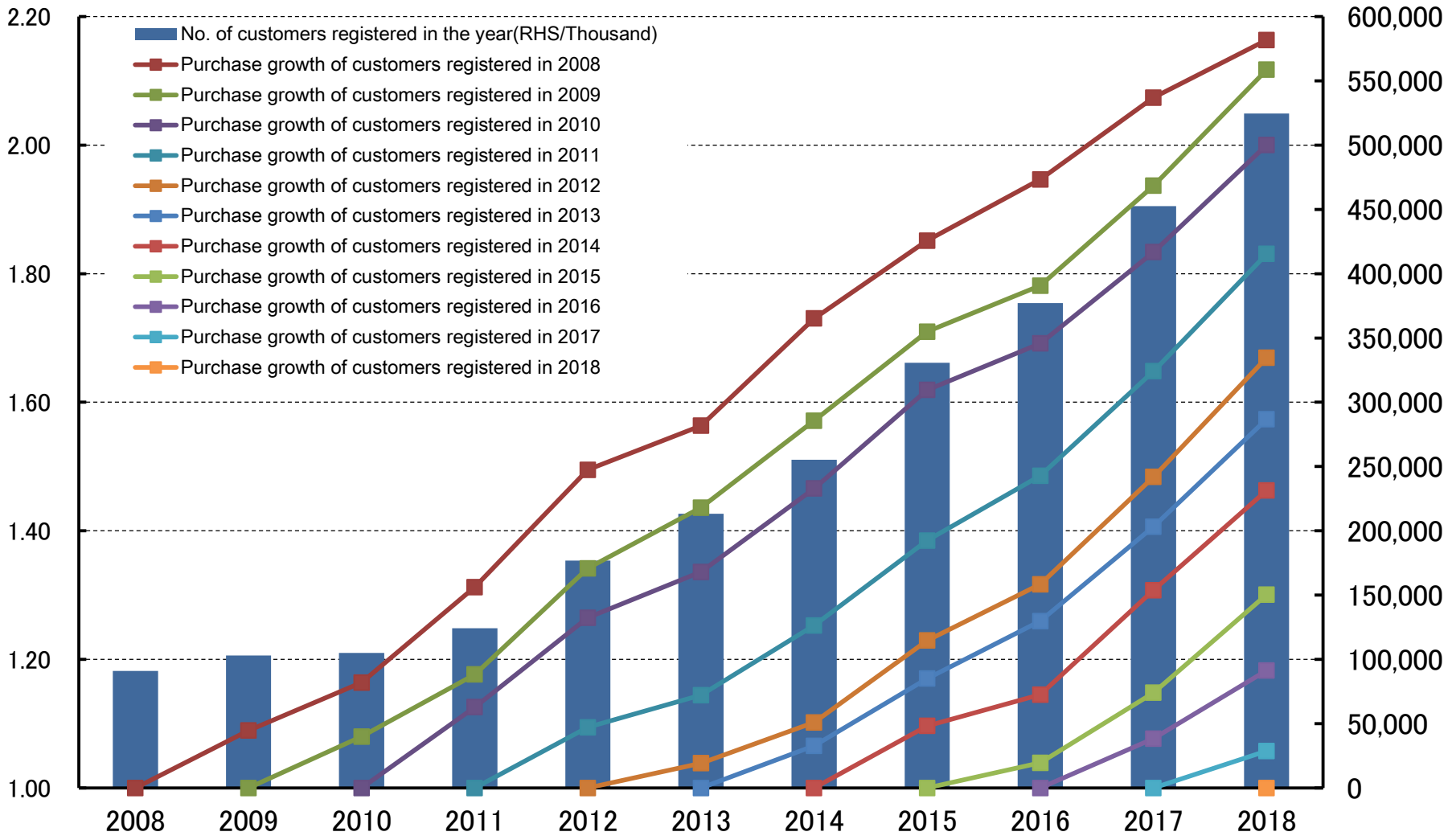
Reference 3. Product Lineup & Inventory



Reference 4. Customers' Purchase Growth History

(Growth Rate of Sales)

(Number of Registered Customers)

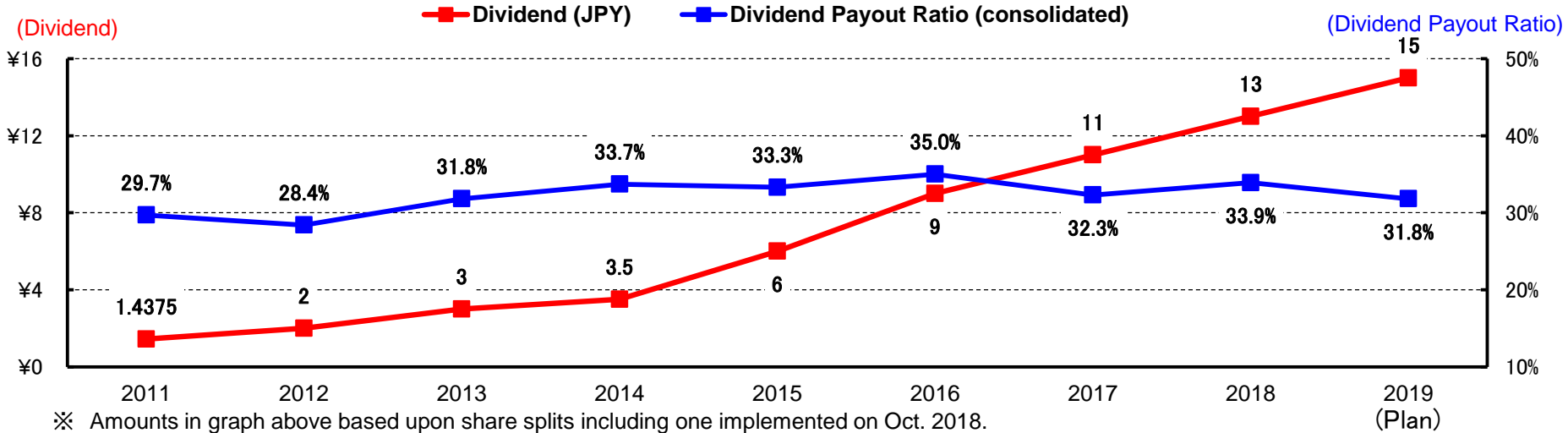


The history of the total purchase amounts of customers who registered in a year, setting total purchase amount in the first year as 1.

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	2016	2017	2018	2019 (Forecast)	2007 to 2019
Yuasa (8074) - (M)	Wholesaler	468,476	446,335	461,749	493,627	500,000	+6.7%
		8,254	10,923	11,402	12,517	14,000	+69.6%
Yamazén (8051) - (M)	Wholesaler	376,852	447,698	497,963	526,364	500,000	+32.7%
		11,518	13,113	15,383	17,997	14,000	+21.5%
Trusco (9830) - (D)	Wholesaler	134,430	177,053	195,096	214,297	225,894	+68.0%
		9,120	14,163	14,276	14,364	14,178	+55.5%
Misumi (9962) - (M)	Retailer	126,668	259,015	312,969	331,936	355,000	+180.3%
		16,317	27,127	34,848	31,874	35,400	+117.0%
Nichiden (9902) - (M)	Wholesaler	92,745	103,736	119,712	124,604	117,000	+26.2%
		5,533	5,037	6,051	6,595	5,500	△0.6%
NalTO (7624) - (F)	Wholesaler	51,479	43,473	46,587	50,014	50,800	△1.3%
		1,343	496	728	928	1,000	△25.5%
Sugimoto (9932) - (M)	Wholesaler Retailer	41,461	41,597	44,315	45,417	50,800	+22.5%
		2,292	1,950	2,461	2,870	3,050	+33.1%
Toba (7472) - (M)	Retailer	25,800	22,185	28,500	29,066	29,500	+14.3%
		2,115	1,050	1,774	1,895	1,920	△9.2%
Uematsu (9914) - (M)	Retailer	7,647	6,217	7,125	7,157	7,150	△6.5%
		190	40	92	80	67	△64.7%
MonotaRO (3064) - (D)	Retailer	10,897	69,647	88,347	109,553	136,258	+1150.4%
		480	9,493	11,837	13,790	16,536	+3345.0%

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

As of Oct. 23, 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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