MonotaRO Co.,Ltd.
3064 Tokyo Stock Exchange First Section

30-Mar.-15

Important disclosures and disclaimers appear at the end of this document.

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* Maintenance, Repair and Operating (MRO) products refers to products used in the manufacturing process such as abrasives, drills, and work gloves, which are for internal use by companies and not for resale. The nature of such materials is highly individual for each industry, and since customers purchase small lots of multiple types, MonotaRO offers value by reducing the purchasing process cost.

Creating New Industry Conventions with Online Direct Marketing of MRO Products and Continuing to Grow with Increasing Support from Small to Mid-Size Customers

MonotaRO Co., Ltd. <3064> is headquartered in Amagasaki, Hyogo Prefecture. The Company conducts Online Direct marketing of maintenance, repair, and operating (MRO) products* as well as automotive after-market goods through the Internet. It supplies customers in the construction, manufacturing, and automotive after-market industries.

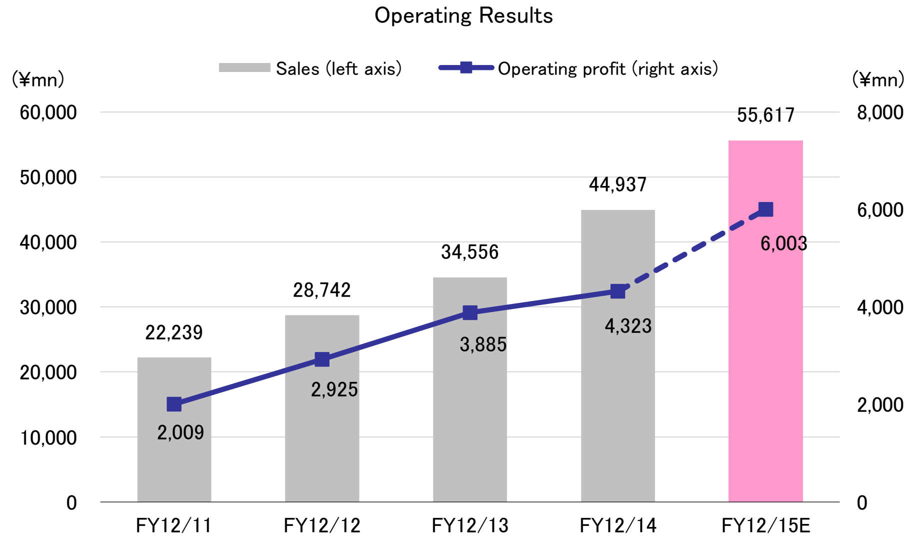
A key characteristic of the Company's business model is that it sells MRO products at a single price for all customers regardless of their scale or purchase amount. This policy has won the Company strong support from small to mid-size customers, who are usually forced to accept unfair prices from sellers in a conventional market. In this way the Company has become a unique Online Direct marketing operator in a niche market. As of January 2015, the number of registered accounts has exceeded 1.4 million.

As its customer base expands, the Company's earnings have also continued to grow. Full-year net sales for the fiscal year ended December 2014, i.e FY12/14, grew 30% YoY to ¥44,937mn, while operating profit increased 11.3% YoY to ¥4,323mn. Recurring profit increased 11.6% YoY to ¥4,351mn and net profit set a new record, rising 11.1% YoY to ¥2,544mn.

The Company has firmly established itself in the MRO products industry, and continues to grow under a policy of ongoing investments to further enhance its strengths. Key developments to watch in the future include the Company's promotion of a purchase management system business for large companies, and overseas businesses in South Korea, Europe and the United States, and Southeast Asia, in addition to its core domestic e-commerce business.

Check Point

- Customer base growth accelerating in the MRO products Online Direct Marketing business "MonotaRO"
- FY12/15 expected to see a continued increase in sales for a 14th consecutive year and record profits for a 6th consecutive year
- Full-year dividend for FY12/14 expected to be ¥14, with ¥6 increase forecast for FY12/15



Corporate Overview

Member of the US MRO Supplier Grainger Group, Expanded Overseas

(1) Corporate History

The Company was established in October 2000 with investment from Sumitomo Corporation <8053> and major US MRO supplier Grainger International, Inc. as SC Grainger. The following year in 2001, the Company started the website MonotaRO.com (MonotaRO), specializing in Online Direct marketing of MRO products. Through its sales of MRO products through the website and catalogs, the Company has continued to expand its customer base, particularly among small to mid-size companies. As of January 2015 the number of registered accounts was over 1.4 million, the number of products for sale was over 8 million, and the number of the same day shipment products was over 300,000.

In 2006, the Company was listed on Tokyo Stock Exchange Mothers, and in 2009 on the First Section. The main shareholder as of 2014 is Grainger, which effectively has a majority stake when combined with the holdings of Grainger Japan, Inc., putting the Company within Grainger's scope of consolidation.

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Company History

October 2000	Established as SC Grainger with a joint investment from Sumitomo Corporation and US company Grainger International, Inc. (Capitalization ¥120mn)
November 2001	Nationwide launch of "MonotaRO" a business for selling factory MRO products through the Internet
March 2002	Opened a distribution center in Higashi Osaka, Osaka Prefecture
February 2006	Changed the Company name to MonotaRO Co., Ltd.
June 2006	Launched dedicated website for individual consumers, IHC.MonotaRO
December 2006	Listed on Tokyo Stock Exchange Mothers
January 2007	Relocated distribution center to Amagasaki, Hyogo Prefecture
March 2008	Relocated head office to Amagasaki, Hyogo Prefecture
May 2008	Entered the business for selling products to automotive-related industries Opened a distribution center in Suminoe-ku, Osaka
December 2009	Changed listing to First Section of the Tokyo Stock Exchange
April 2010	Started overseas export business
February 2011	Expanded distribution center in Amagasaki, Hyogo Prefecture (28,000 m^2) Consolidated distribution center in Suminoe-ku, Osaka
May 2011	Established the Tagajo Distribution Center in Tagajo, Miyagi Prefecture (8,300 m^2)
January 2013	Entered the South Korean MRO market
October 2013	Established a website for Southeast Asia
January 2014	Relocated head office within Amagasaki, Hyogo Prefecture
July 2014	Established the Amagasaki Distribution Center (44,000 m^2) in Amagasaki, Hyogo Prefecture

Growing Support from Small to Mid-Size Companies As an E-Commerce Operation Selling MRO Products at a Single Price

(2) Business environment and points of differentiation

In procurement of MRO products, small to mid-size companies cannot match large companies for the size and frequency of orders. As a result, they have little negotiating power on prices and are obliged to purchase at a disadvantage. MonotaRO was launched in the market as a single channel selling items at a single price to companies regardless of their scale, transaction history, and number of items purchased. It has rapidly gained support from small to-mid-size businesses.

While there are other companies operating e-commerce businesses with overlapping merchandise, such as ASKUL Corporation <2678> and MISUMI Corporation <9962>, in terms of MRO products alone there appears to be no other independent company suitable for comparison.

(3) Basic strategy

As the Company's revenues expand with the growth of its customer base, it will reinvest its earnings to increase its product range and improve its service level in terms of IT and logistics infrastructure. In this way the Company aims to continue a virtuous cycle that feeds back into the repeat ratio among existing customers and the acquisition of new customers.

Business Overview

Customer Base Growth Accelerating in the MRO Products Online Direct Marketing Business "MonotaRO"

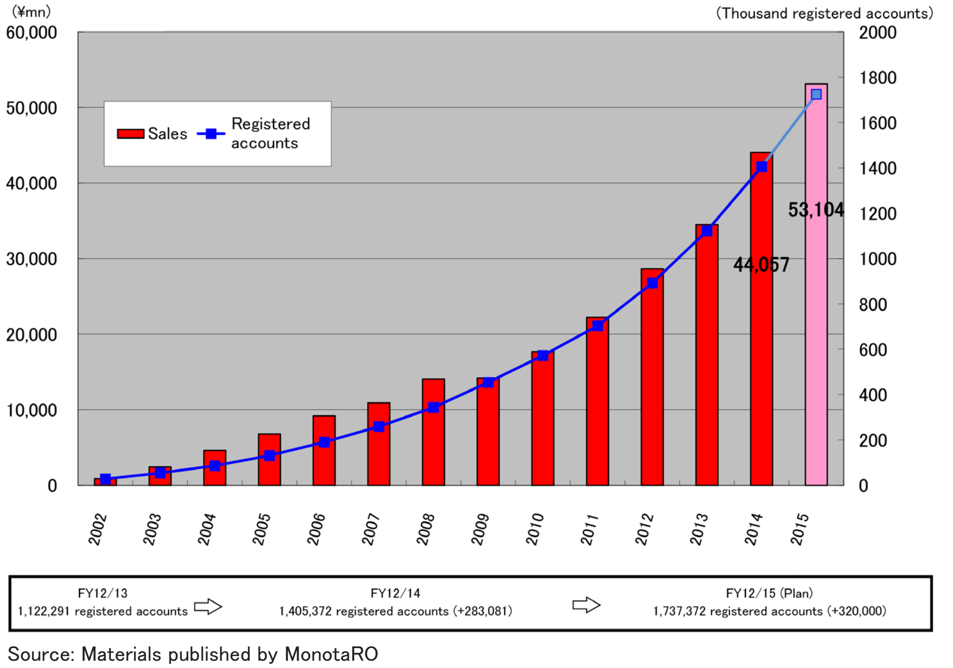
The Company's businesses can be broadly divided into three.

(1) The MonotaRO business for Online Direct marketing of MRO products

The Company's core business is the Online Direct marketing MRO product sales business MonotaRO. This business targets corporate users who purchase MRO products for use in their construction sites and factories.

The number of registered accounts is increasing at an accelerating pace. The average number of registered accounts per month in 2014 shows a steady increase with 244,000 for Q2 and 263,000 for Q4.

Sales and Number of Customers (MonotaRO Non-consolidated)



Source: Materials published by MonotaRO

Approaching Large Companies with a Purchase Management System to Streamline Customers' Internal Ordering Process

(2) Purchase management system business

In this business the Company offers its products database to connect large companies' system for purchasing MonotaRO products on their own in-house platform. 166 companies have connected in FY12/14 (up 46 YoY), with sales increasing 105%, more than double. In July 2014, the Company released its own platform "MonotaRO ONE SOURCE." MonotaRO ONE SOURCE links product and supplier information databases managed by the customer with data of all products available from MonotaRO, enabling customers to search and compare across suppliers other than the Company. The system enables customers to perform all operations on a single platform, from selecting the optimal product from a product search, to ordering and making payment.

Expanding Overseas with a Subsidiary in South Korea and Transferal of Expertise to Parent Company in the United States and Europe

(3) Overseas business

The Company is undertaking overseas expansion in three ways.

a) South Korean subsidiary NAVIMRO
The Company's only consolidated subsidiary, NAVIMRO of South Korea, started operating an MRO product e-commerce website similar to MonotaRO in April 2013. NAVIMRO's full-year growth for FY12/14 exceeded initial targets by 76%, however the initial investment has not yet been recovered.

b) Royalty Business in the United States and Europe
In 2010 the Company's parent company in the United States, Grainger, established the MRO e-commerce company Zoro Tools, Inc., which achieved profitability one year and four months later. The Company provides expertise to Zoro Tools and receives royalties on the amount of its net sales. A similar business model is also being developed in Europe.

c) Exports into Southeast Asia
The Company established an English-language website in October 2013 and exports products from its distribution center in Japan to countries in Southeast Asia and other areas.

■ Overview of Financial Results

Strong Operating Results Continued in FY12/14 with Double Digit Increases in Sales and Profit

(1) Overview of financial results for FY12/14

The Company's consolidated financial results for FY12/14 are as follows. Sales were ¥44,937mn, up 30% YoY; operating profit was ¥4,323mn, up 11.3% YoY; recurring profit was ¥4,351mn, up 11.6% YoY; and net profit was ¥2,544mn, up 11.1% YoY.

Operating Results for FY12/14 (Consolidated)

	FY12/13 Actual		FY12/14 Plan		FY12/14 Actual			
	Amount (¥mn)	vs. sales	Amount (¥mn)	vs. sales	Amount (¥mn)	vs. sales	Change YoY	vs. plan
Sales	34,556	100.0%	44,684	100.0%	44,937	100.0%	30.0%	0.6%
Gross profit	10,410	30.1%	12,910	28.9%	12,934	28.8%	24.2%	0.2%
SG&A expenses	6,525	18.9%	8,582	19.2%	8,610	19.2%	32.0%	0.3%
Operating profit	3,885	11.2%	4,327	9.7%	4,323	9.6%	11.3%	-0.1%
Recurring profit	3,901	11.3%	4,345	9.7%	4,351	9.7%	11.6%	0.2%
Net profit	2,289	6.6%	2,531	5.7%	2,544	5.6%	11.1%	0.5%

On the earnings front, the gross profit margin was 28.8% (down 1.4 percentage points YoY), the operating margin was 9.6% (down 1.6 percentage points YoY), and the SG&A margin came in at 19.2% (up 0.3 of a percentage point YoY).

The Company experienced cost increases including higher purchasing expenses due to the yen's depreciation, the impact of the product mix, and relocation costs such as double rent following the establishment of a new distribution center. Nevertheless, its profit margin declined only slightly because the increase in costs was offset by an increase in net sales and the effect of cost reductions in personnel expenses and communications expenses.

FY12/15 Expected to See a Continued Increase in Sales for a 14th Consecutive Year and Record for Profits for a 6th Consecutive Year

(2) Operating results forecasts for FY12/15

Business plan for FY12/15
For FY12/15, the Company is forecasting sales of ¥55,617mn, up 23.8% YoY, gross profit of ¥16,142mn, up 24.8% YoY, and operating profit of ¥6,003mn, up 38.8% YoY. Recurring profit is projected to come in at ¥5,999mn, up 37.9% YoY, and net profit at ¥3,706mn, up 45.7% YoY, increasing for a 14th consecutive year and setting a new record for a 6th consecutive year.

a) MonotaRO business
The Company is aiming to increase the number of registered accounts in FY12/15 by approximately 320,000, or 14% YoY to 1,737,000. Assuming the same level of demand from existing customers as in FY12/14, the company aims to increase sales by expanding the number of items supplied, including entry into new categories, and by further enhancing service levels.

b) Purchase management system business
In the purchase management system business, the Company intends to add to its scheme of links with the existing systems of large customers by promoting the introduction of MonotaRO ONE SOURCE.

c) Overseas business
The South Korean subsidiary NAVIMRO will target net sales of ¥2,500mn, and is projecting an operating loss of around ¥380mn. Royalty income from the United States and Europe is on an increasing trend, and looks set to contribute to a higher gross margin.

Growth strategies

Aiming to Double Net Sales to ¥100bn under the Medium-Term Management Plan

There is a high level of need for the lower MRO product costs among small to mid-size businesses, which are the Company's main customers. The Company therefore appears still to have plenty of potential for new customer acquisition. Under its medium-term management plan, the Company is planning to double net sales to ¥100bn.

Shareholder Return Policy

FY12/14 Dividend of ¥14, Dividend Increase of ¥6 Forecast for FY12/15

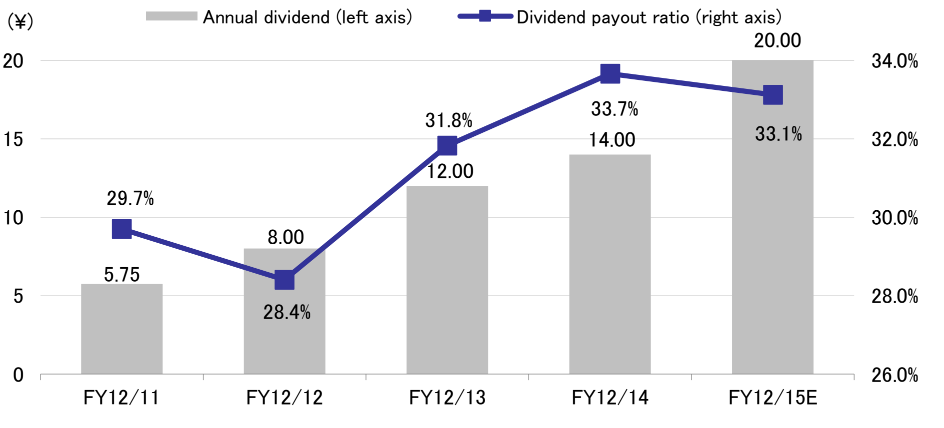
The Company's policy on dividends is to pay a stable dividend in accordance with its operating results.

For FY12/14, the interim dividend was ¥7.00 and the Company plans to pay a year-end dividend of ¥7.00, for a full year dividend of ¥14.00 (dividend payout ratio of 33.7%). Moreover, the Company is planning a significant annual dividend increase of ¥6 for FY12/15 to ¥20 (dividend payout ratio of 33.1%).

The dividend payout ratio is forecast to fall slightly below that of FY12/14, but the Company intends to continue stable dividend increases in line with its growth going forward.

The Company offers shareholder benefits in the form of private brand product gift of around ¥3,000 in value for each shareholder holding 100 or more shares at the end of the financial year (December 31).

Dividends and Dividend Payout Ratios



Note: The Company conducted 1-for-2 stock splits in FY12/11 and FY12/13 which have been reflected retroactively.

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