Disclaimer
This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information

News Release dated: March 17, 2015

To whom it may concern:

Company Name: ASKUL Corporation
(Code No.: 2678, Tokyo Stock Exchange First Section)
Representative: Shoichiro Iwata
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# FY5/2015 3rd Quarter Performance

## (Consolidated financial summary for first nine months of fiscal year ending May 2015)

ASKUL Corporation (hereinafter referred to as the "Company") herewith attach the "FY5/2015 3rd Quarter Performance" (Consolidated financial summary for first nine months of fiscal year ending May 2015) to provide supplementary information with respect to the "Summary of Consolidated Financial Results for First Nine Months of Fiscal Year Ending May 2015 (Japanese GAAP)."

These supplementary materials include forward-looking statements concerning current plans and the outlook for operating results. These statements are based on plans and forecasts that use currently available information. Forward-looking statements are not promises or guarantees about the future because actual operating results may differ from the Company's outlook for a variety of reasons.

These supplementary materials are unaudited and have not been reviewed by certified public accountants or auditors.

FY5/2015 First Nine Month Performance

# Double-digit Growth Continues, Net Income Doubles

## Earning Power of B-to-B Business Improving Steadily, Boost Returns Further

## LOHACO Loyal Customers Reach 200,000, Focus on Further Growth

March 17, 2015

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All readers are recommended to refer to the original version in Japanese of the presentation material for complete information.

Notes:
This material contains ASKUL Group's current plans and performance outlook. These plans, forecasts, and other forward-looking statements represent ASKUL's plans and forecasts based on information currently available. Actual performance may differ from these plans and forecasts due to a variety of conditions and factors that could occur in the future. This material does not represent promises or guarantees regarding the achievement of these plans.

This material has not been audited by certified public accountants or auditing firms.

For the purposes of this material, LOHACO refers to the online mail-order business for general consumers, launched in October 2012 in alliance with Yahoo Japan Corporation.
B-to-B refers to business-to-business transactions.

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# I. First Nine Month Results

– Continued double-digit growth, net income doubled –

# II. Strengthening of Logistics Capability

– Pursuit of Higher Efficiency –

# III. Status of B-to-B Business

– Earning Power of B-to-B Business Improving Steadily, Boost Returns Further –

# IV. Status of LOHACO Business

– Loyal Customers Reach 200,000, Business Focuses on Further Growth –

# FY5/2015 First Nine Month Consolidated Performance

| | FY5/2014 9 mo. (¥million) | FY5/2014 9 mo. % of net sales | FY5/2015 9 mo. (¥million) | FY5/2015 9 mo. % of net sales | YoY change (%) |
|---|---|---|---|---|---|
| Net Sales | 182,404 | 100 | 201,898 | 100 | 110.7 |
| Gross Profit | 40,463 | 22.2 | 43,987 | 21.8 | 108.7 |
| Selling, General and Administrative Expenses | 37,959 | 20.8 | 40,060 | 19.8 | 105.5 |
| Operating Income | 2,503 | 1.4 | 3,926 | 1.9 | 156.8 |
| Ordinary Income | 2,555 | 1.4 | 4,002 | 2.0 | 156.6 |
| Net Income | 1,081 | 0.6 | 2,295 | 1.1 | 212.2 |

- Topline continued double-digit growth
- Ratio of SG&A expenses to net sales improved 1.0 point due to improvement in logistics productivity
- Significant increases in operating and ordinary incomes
- Net income doubled

# FY5/2015 First Nine Month Consolidated Performance (By Business)

| | | FY5/2014 9 mo. (¥billion) | FY5/2015 9 mo. (¥billion) | YoY change (%) |
|---|---|---|---|---|
| Net sales | B-to-B business, etc. | 174.5 | 187.7 | 107.6 |
| | LOHACO | 7.8 | 14.1 | 179.3 |
| | Consolidated total | 182.4 | 201.8 | 110.7 |
| Operating income | B-to-B business, etc. | 4.5 | 6.7 | 146.6 |
| | LOHACO | -2.0 | -2.5 | — |
| | Subtotal | 2.5 | 4.2 | 168.1 |
| | Temporary loss at a subsidiary | — | -0.2 | — |
| | Consolidated total | 2.5 | 3.9 | 156.8 |

## ➢ Net sales

B-to-B business, etc.:

Continues to grow

LOHACO:

Increased 79.3% YoY

## ➢ Operating income

B-to-B business, etc.:

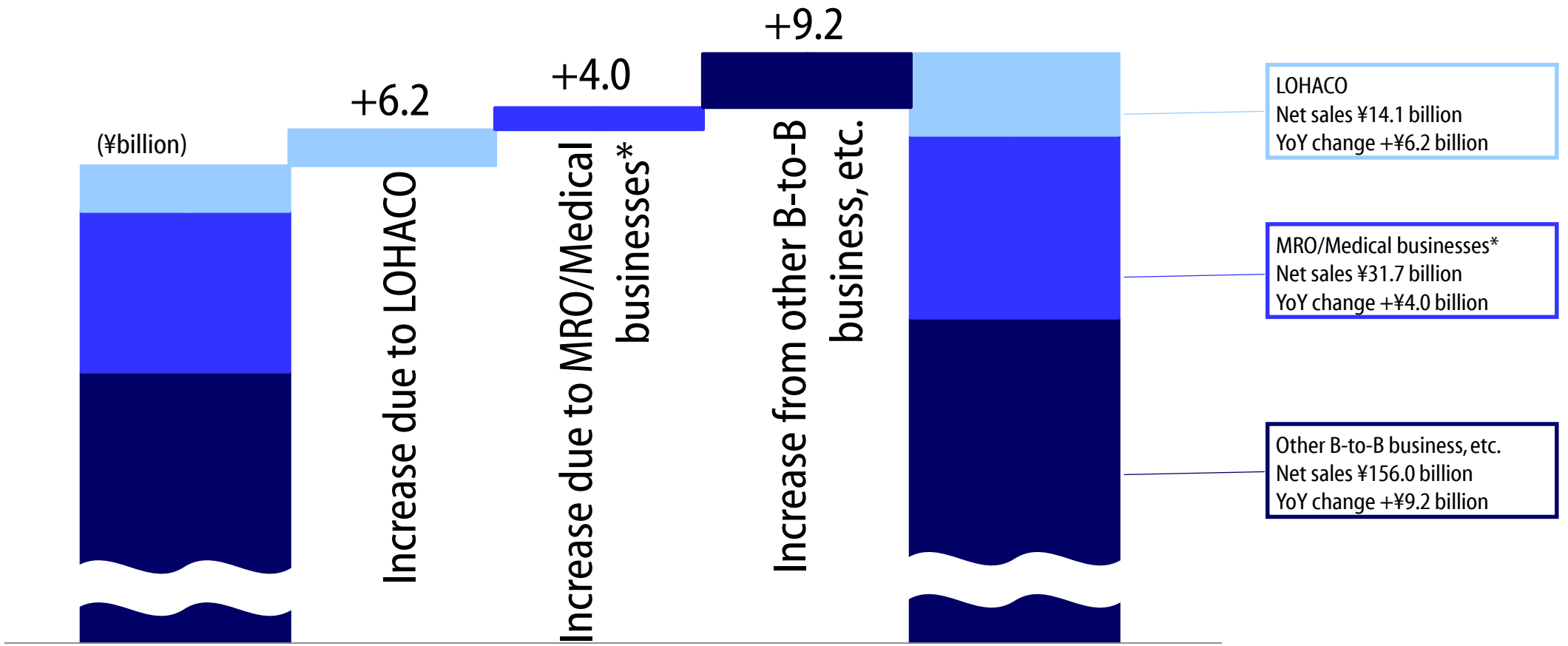
Returns increased 46.6% YoY

LOHACO continues to implement growth measures

# Factors Affecting FY5/2015 First Nine Month Consolidated Net Sales

FY5/2014 9 mo. (actual)
Net sales ¥182.4 billion
YoY change +¥16.7 billion
YoY growth +10.1%

FY5/2015 9 mo. (actual)
Net sales ¥201.8 billion
YoY change +¥19.4 billion
YoY growth +10.7%

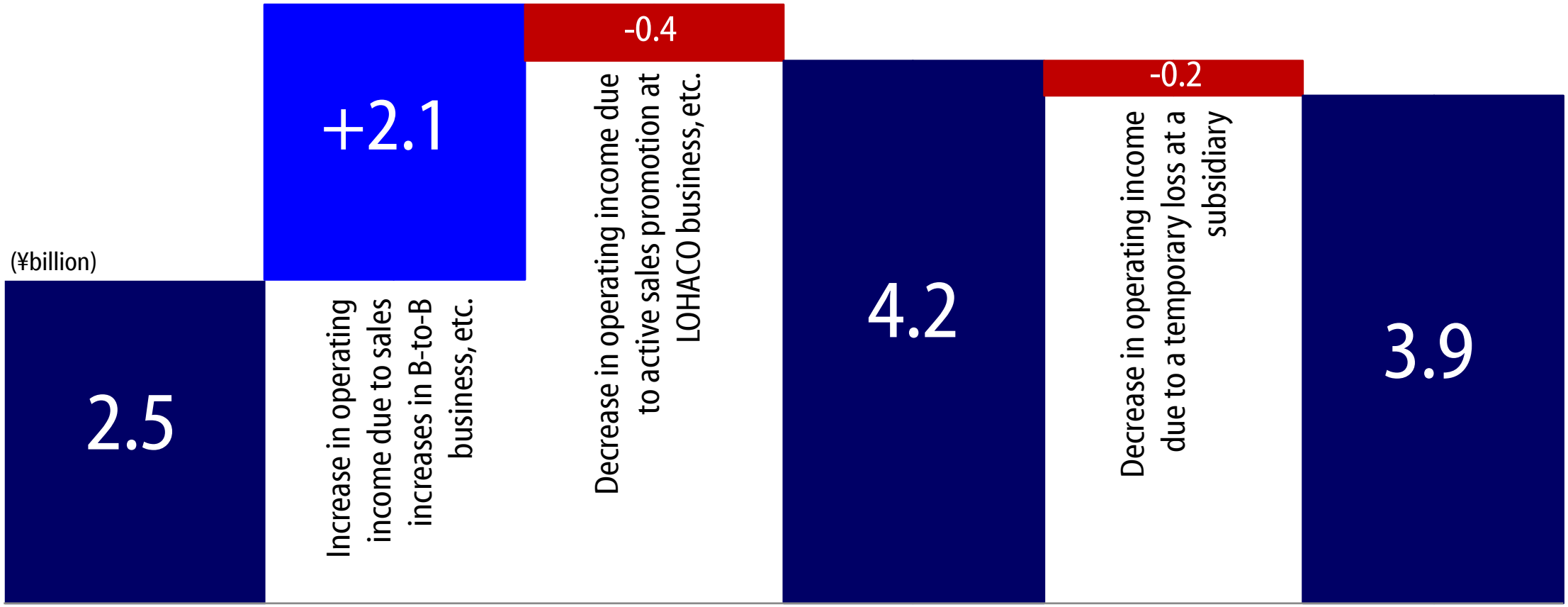



*MRO/Medical businesses do not include LOHACO portion

# Factors Affecting FY5/2015 First Nine Month Consolidated Operating Income

FY5/2014 9 mo. (actual)
Net sales growth YoY +10.1%
Gross profit margin 22.2%
SG&A expense ratio 20.8%

FY5/2015 9 mo. (actual)
Net sales growth YoY +10.7%
Gross profit margin 21.8%
SG&A expense ratio 19.8%




FY5/2014 9 mo. operating income (actual) ¥2.5 billion

FY5/2015 9 mo. operating income (actual) ¥3.9 billion

# FY5/2015 3Q (3 Months) Consolidated Performances

| | FY5/2014 3Q (¥million) | % of net sales | FY5/2015 3Q (¥million) | % of net sales | YoY change (%) |
|---|---|---|---|---|---|
| Net Sales | 63,189 | 100 | 69,954 | 100 | 110.7 |
| Gross Profit | 13,784 | 21.8 | 15,297 | 21.9 | 111.0 |
| Selling, General and Administrative Expenses | 12,748 | 20.2 | 13,007 | 18.6 | 102.0 |
| Operating Income | 1,036 | 1.6 | 2,289 | 3.3 | 220.9 |
| Ordinary Income | 1,031 | 1.6 | 2,296 | 3.3 | 222.5 |
| Net Income | 523 | 0.8 | 1,409 | 2.0 | 269.1 |

- Topline saw double-digit growth also in 3Q
- Gross profit margin and ratio of SG&A expenses to net sales improved and the ratio of operating income to net sales rose significantly
- Operating and ordinary incomes: 2.2 times
  Net income: 2.7 times

# FY5/2015 Quarterly Consolidated Performance (By Business)

| | | FY5/2015 1Q (¥billion) | FY5/2015 2Q (¥billion) | FY5/2015 3Q (¥billion) | YoY change (%) |
|---|---|---|---|---|---|
| Net Sales | B-to-B business, etc. | 59.0 | 64.0 | 64.7 | 108.6 |
| | LOHACO | 4.0 | 4.8 | 5.2 | 145.0 |
| | Consolidated total | 63.0 | 68.9 | 69.9 | 110.7 |
| Operating Income | B-to-B business, etc. | 1.2 | 2.3 | 3.0 | 175.6 |
| | (Operating income to net sales ratio) | 2.2% | 3.7% | 4.7% | |
| | LOHACO | -0.9 | -0.8 | -0.7 | — |
| | Temporary loss at a subsidiary | — | -0.2 | -0 | — |
| | Consolidated total | 0.3 | 1.2 | 2.2 | 220.9 |
| | (Operating income to net sales ratio) | 0.6% | 1.8% | 3.3% | |

## ➢ B-to-B business, etc.

Ratio of operating income to net sales rose as ratio of SG&A expenses to net sales improved significantly

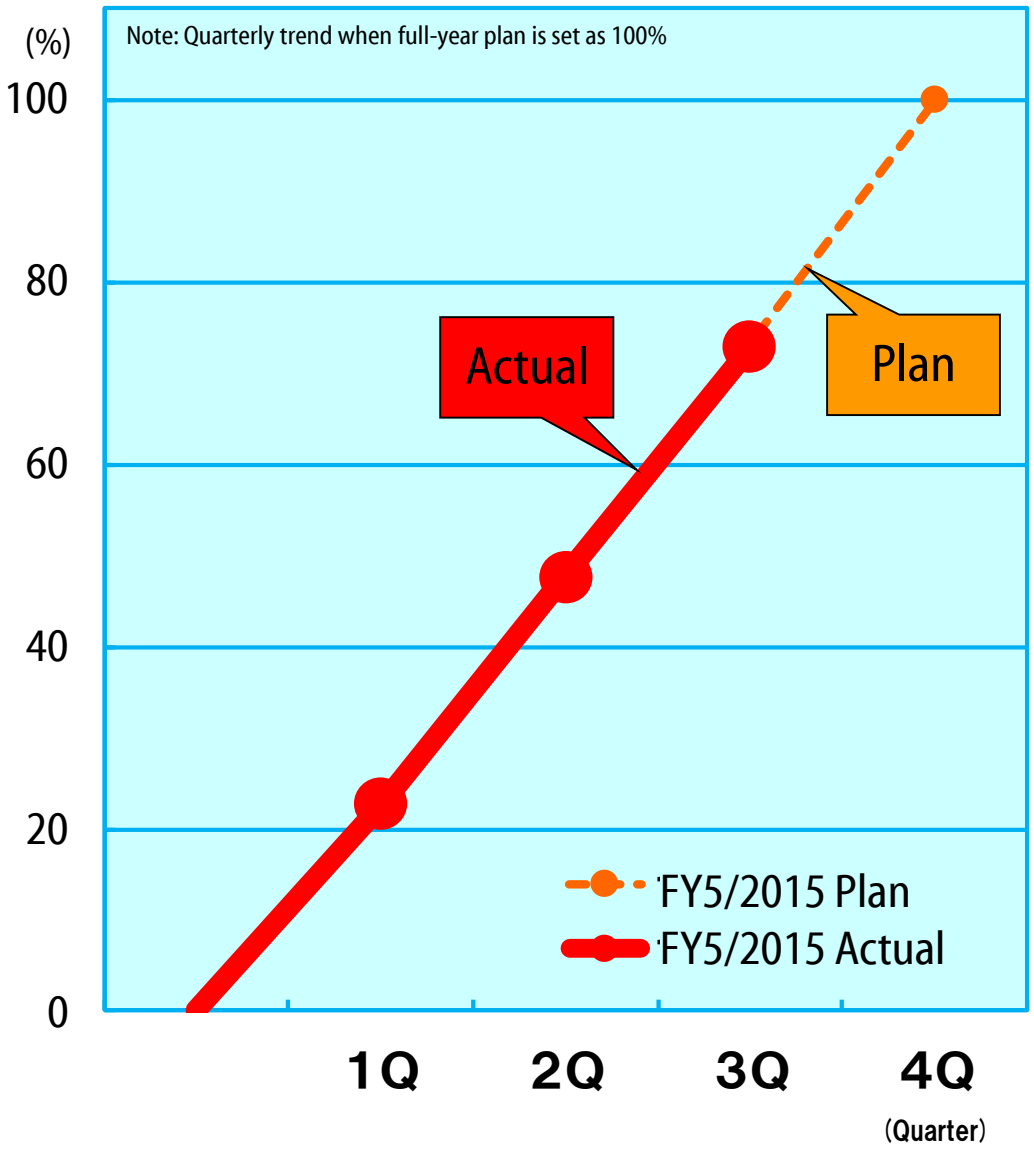
## ➢ LOHACO

Operating profit/loss steadily improving

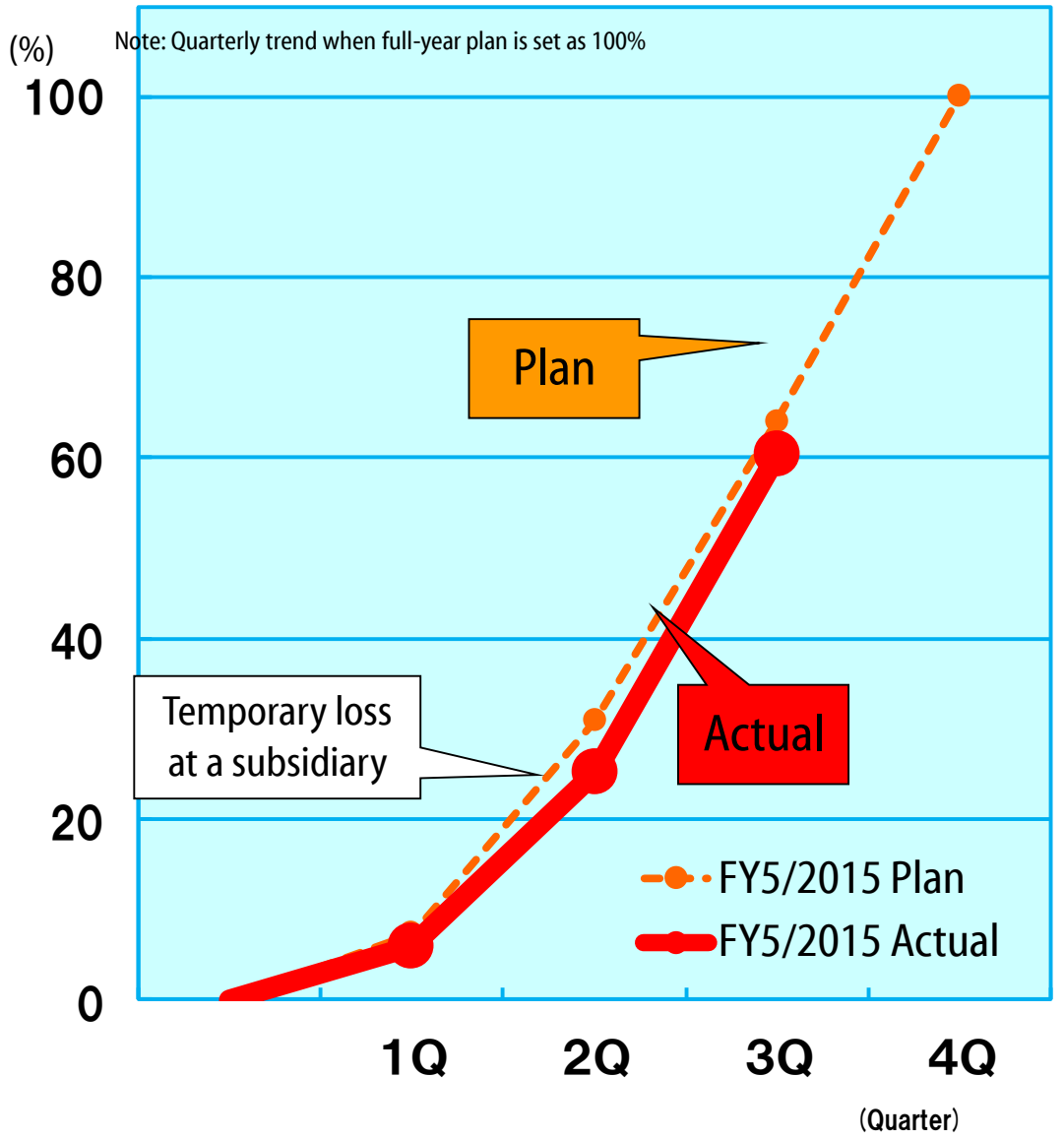
Consolidated total returns to increase

# Net Sales Progressing in Line with Forecast; Operating Income's Gap with Plan Narrows; Pushing to Achieve Full-year Plan

## Progress of Net Sales




## Progress of Operating Income



# FY5/2015 Full-year Consolidated Performance Plan

| | FY5/2014 full-year actual | | FY5/2015 full-year plan | | |
|---|---|---|---|---|---|
| | (¥billion) | % of net sales % | (¥billion) | % of net sales % | YoY change % |
| Net Sales | 253.4 | 100 | 277.0 | 100 | 109.3 |
| Gross Profit | 55.7 | 22.0 | 61.5 | 22.2 | 110.4 |
| Selling, General and Administrative Expenses | 51.4 | 20.3 | 55.0 | 19.9 | 107.0 |
| Operating Income | 4.2 | 1.7 | 6.5 | 2.3 | 152.0 |
| Ordinary Income | 4.4 | 1.8 | 6.4 | 2.3 | 145.2 |
| Net Income | 2.1 | 0.9 | 3.4 | 1.2 | 157.0 |

Confidence in improvement in latest profitability

The full-year plan is left unchanged

# FY5/2015 Company-wide Policy

Further improve logistics efficiency to become No. 1 in e-commerce
Evolve logistics service through innovation

Solid B-to-B business to focus on growth fields
Steadily generate sales and profits

Continue to focus on top line in LOHACO business
Growth engine is e-commerce marketing that starts from customers

# I. First Nine Month Results

– Continued double-digit growth, net income doubled –

# II. Strengthening of Logistics Capability

– Pursuit of Higher Efficiency –

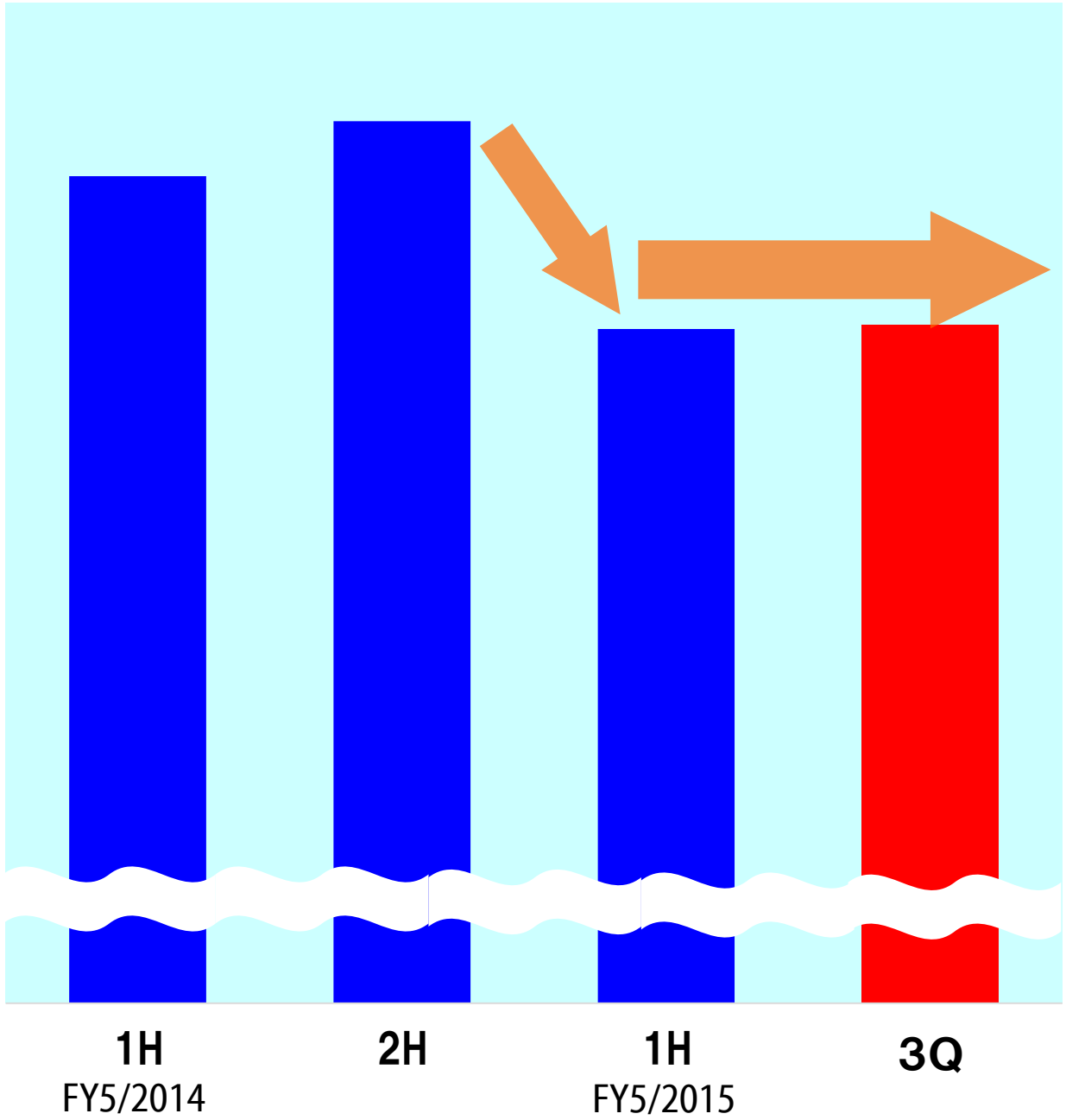
# III. Status of B-to-B Business

– Earning Power of B-to-B Business Improving Steadily, Boost Returns Further –

# IV. Status of LOHACO Business

– Loyal Customers Reach 200,000, Business Focuses on Further Growth –

# Average Warehouse Operation Unit Cost of All Centers




## Improvement from the local operation perspective

- Optimized distribution of inventory products
- Leveling of packing and replenishment operation

## Improvement due to facility/system investment

- Enhancement of capacity of existing material handling facility

**Productivity improved significantly and continuing stably**




# One Who Controls Logistics Controls E-commerce

## Continue to Work on Improvement in Logistics Productivity

Logistics platform for ASKUL and LOHACO

# I. First Nine Month Results

– Continued double-digit growth, net income doubled–

# II. Strengthening of Logistics Capability

– Pursuit of Higher Efficiency –

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– Loyal Customers Reach 200,000, Business Focuses on Further Growth –

ASKUL

ASKUL INTERNET SHOP

SOLOEL ARENA

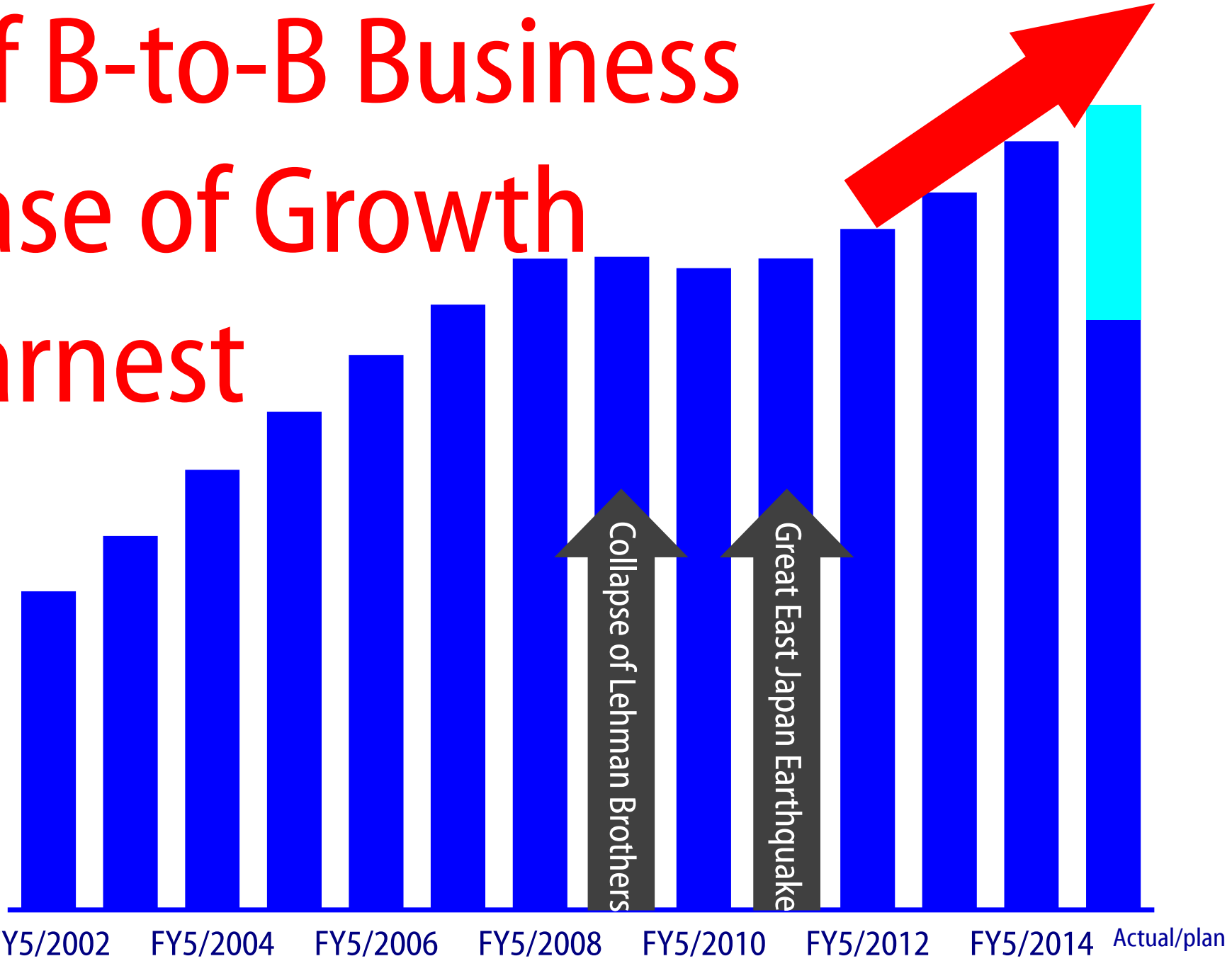
Powered by ASKUL

# Targeting B-to-B Business

ASKUL + MEDeTOMO

SOLOEL

# Net Sales of B-to-B Business Second Phase of Growth Began in Earnest




*Trend of B-to-B business's net sales (non-consolidated)

# Trend of Gross Profit* on Merchandise Sales at B-to-B Business (Non-consolidated)

Gross profit on merchandise sales

Gross profit on merchandise sales has been maintained after the price revision

*Sales promotion premium, agent incentive, etc. are excluded from calculation

Aug Sep Oct **Nov** Dec Jan Feb

22-1 catalog valid through

22-2 catalog limited-offer discount

New price reflected on all products

Firmly maintaining competitive edge

Also maintaining high profitability

New catalog (23-1) released




*ASKUL Catalog Spring/Summer 2015*
Released in February 2015

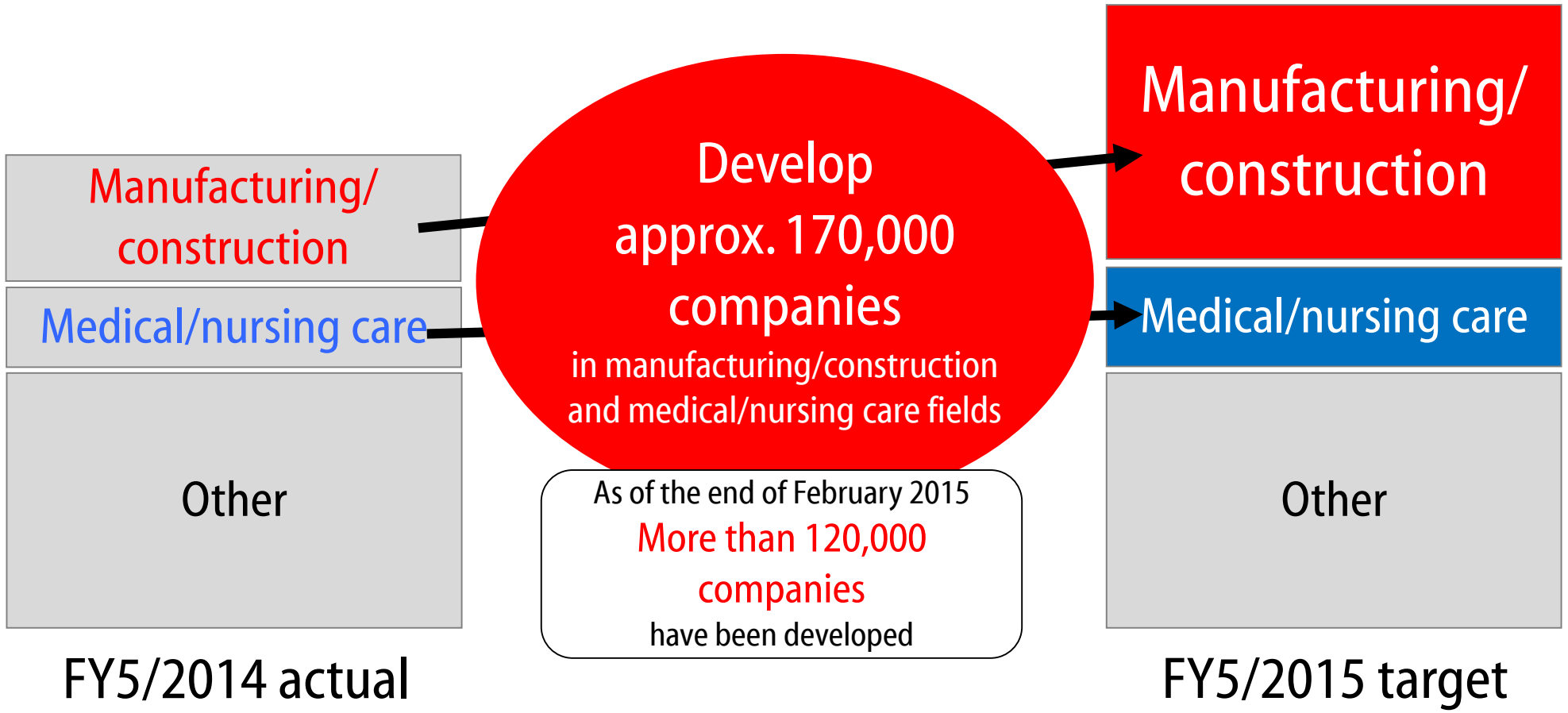
# 3 Measures That Support Growth of B-to-B Business

Increase the number of customers
(primarily in manufacturing and medical/nursing care)

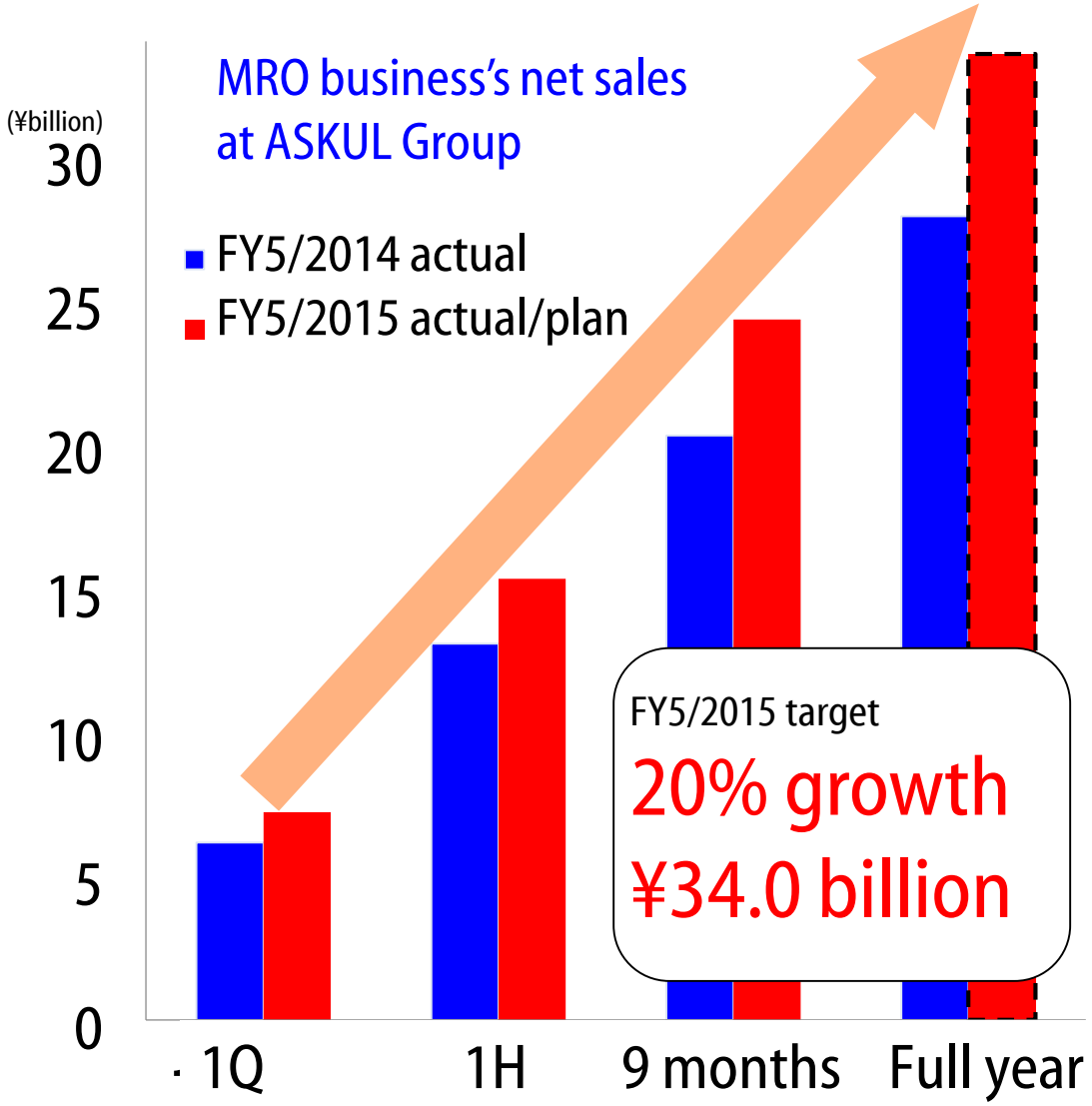
Introduce new high-demand products (MRO, medical)

Evolve e-commerce purchasing website to boost active customer rate

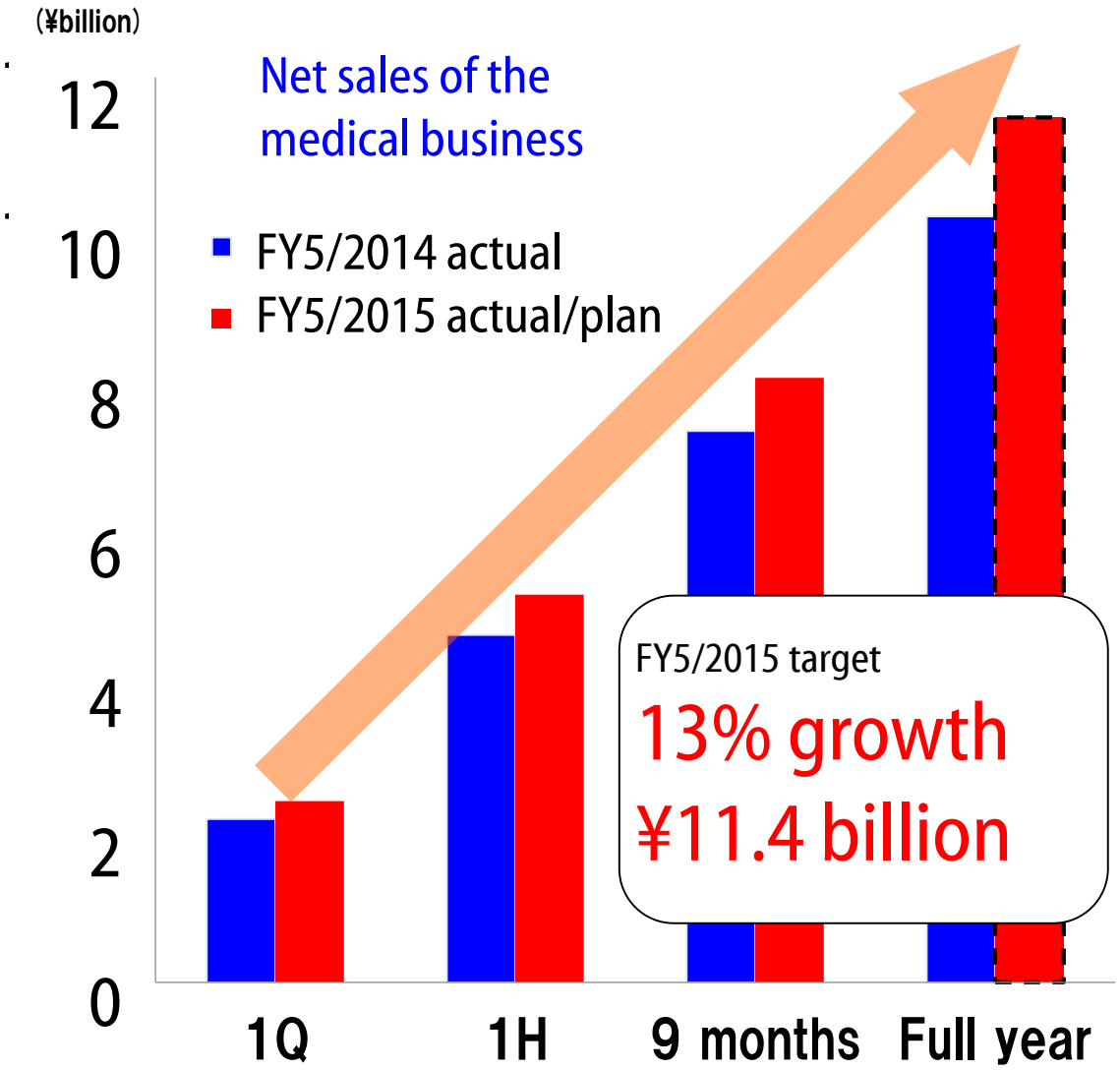
# Increase the number of customers (primarily in manufacturing and medical/nursing care)



# Net Sales in Growth Areas Continue to Expand




*Including sales through LOHACO




*Including products sold through LOHACO (LOHACO DRUG pharmaceuticals, etc.)

# Introduce new high-demand products (MRO)

Expand line-up of
industry-category-specific
specialty goods

Industry-category-specific
general-purpose products

**New high-demand product**

Ultra general-purpose products for
any industry categories
Listed on catalogs

**High-demand products**



# Introduce new high-demand products (MRO)

Expand line-up of
industry-category-specific
specialty goods

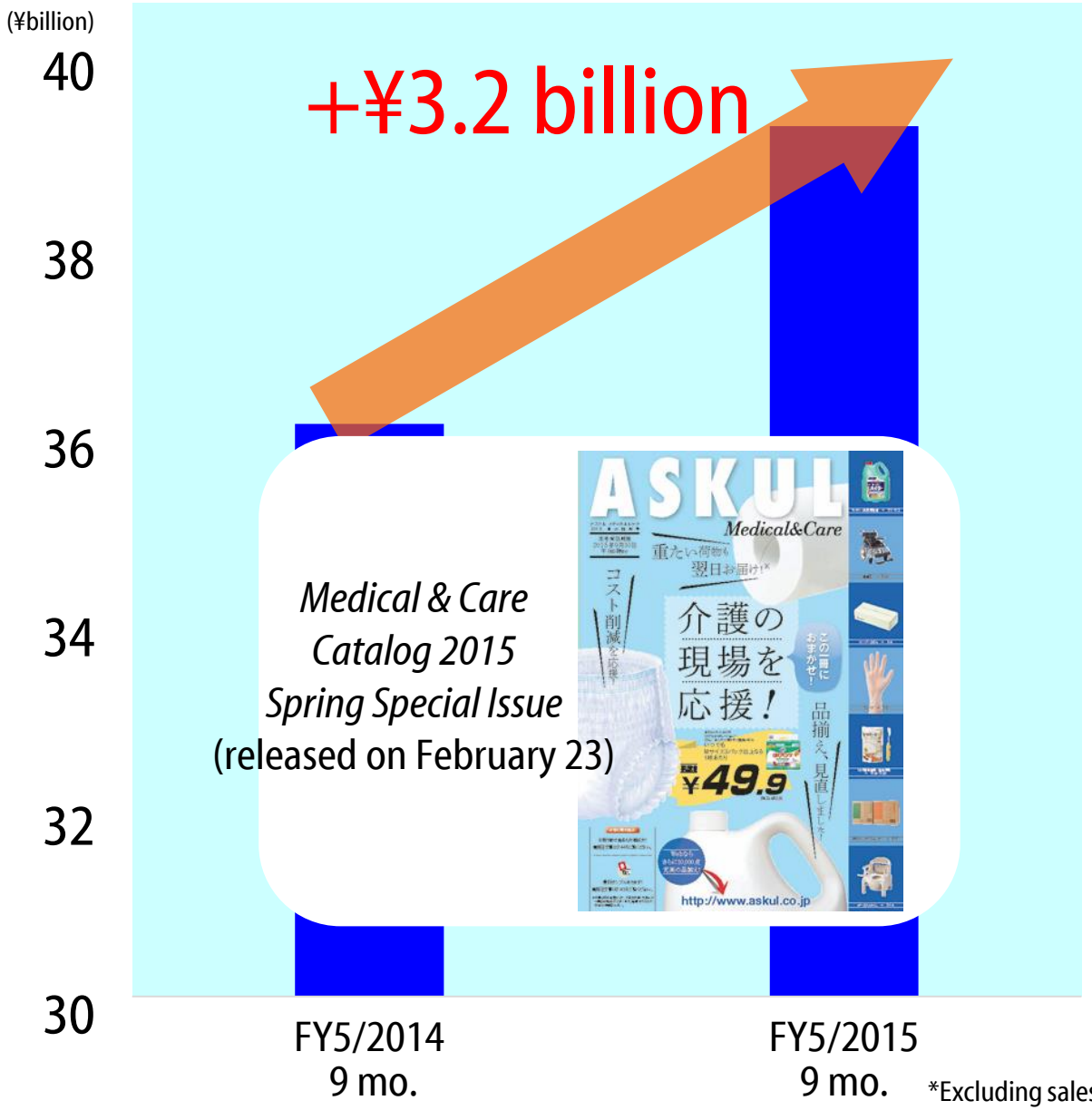



Ultra general-purpose products for
any industry categories
Listed on catalogs

**High-demand products**

To add 800 more items for customers in the manufacturing field in April

# Trend of Living Supplies Net Sales (B-to-B Business)




## Large number of living supplies listed in the medical catalog

(detergent, household paper, beverages, etc.)

## Promote activating customers at newly developed nursing care facilities

*Excluding sales through LOHACO

# Evolve e-commerce purchasing website to boost active customer rate

Former website




Displays the same banner for all customers

New website

Webpage for customers in the nursing-care industry




Propose individual products that suit the customers' requirements



# B-to-B business advancing towards development of new markets and further bolstering of profits

# I. First Nine Month Results

– Continued double-digit growth, net income doubled –

# II. Strengthening of Logistics Capability

– Pursuit of Higher Efficiency –

# III. Status of B-to-B Business

– Earning Power of B-to-B Business Improving Steadily, Boost Returns Further –

# IV. Status of LOHACO Business

– Loyal Customers Reach 200,000, Business Focuses on Further Growth–

ASKUL × YAHOO! JAPAN




LOHACO commitment movie

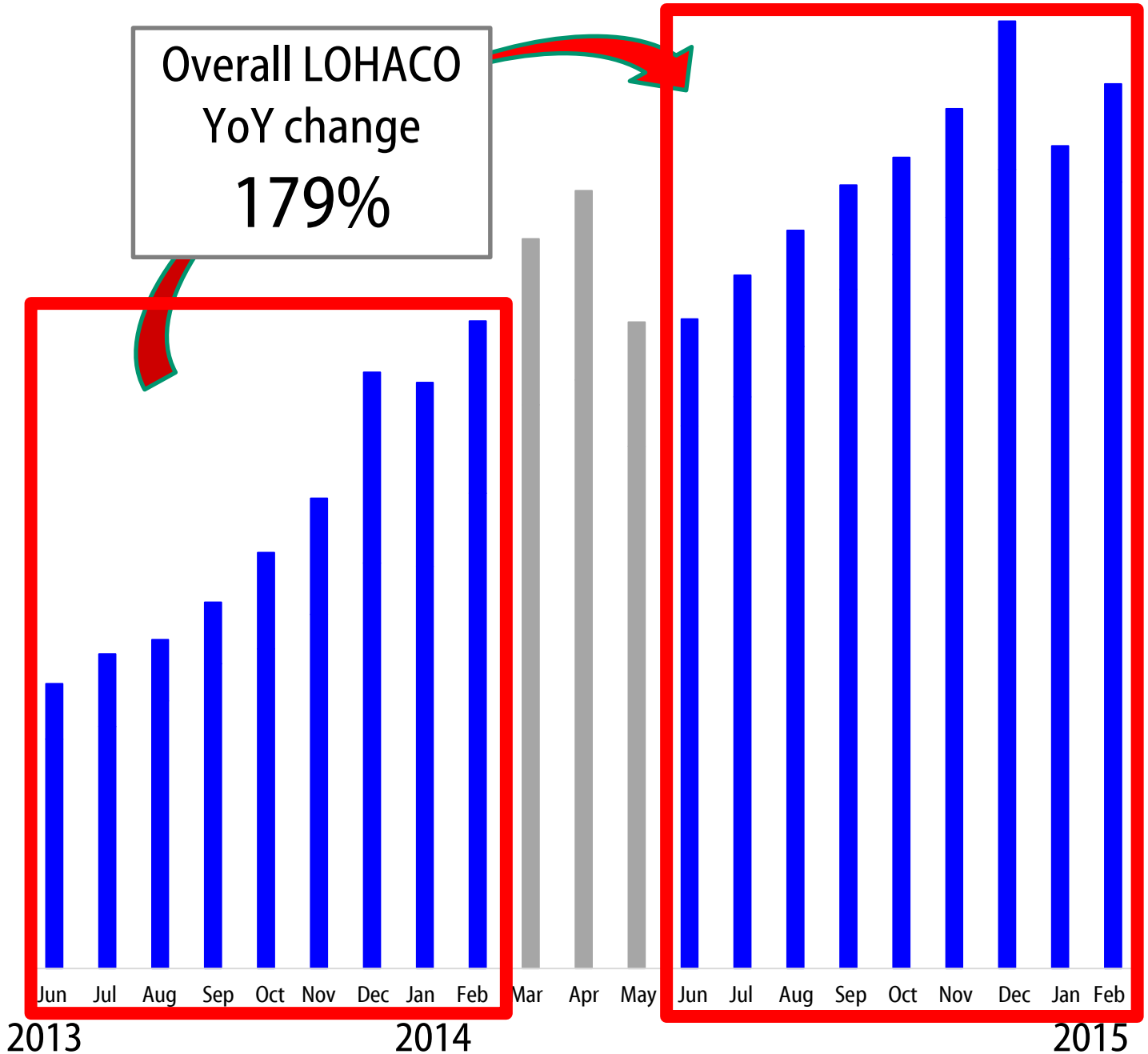
# Second-generation e-commerce as envisioned by LOHACO




**Daily use**
**Whenever, wherever**

**EC for daily necessities**

# Net Sales Trend of LOHACO Business




For becoming No. 1 in second-generation e-commerce

Net sales significantly increased

# February 19: website renewal







To reflect LOHACO-san's needs,

overhauled category display, suggest how to shop

# Integrated Marketing with Manufacturers

[Companies participating in the second term] (Honorifics omitted, in Japanese syllabary order) *As of March 17, 2015

Asahi Soft Drinks Co., Ltd., Asahi Breweries, Ltd., Ajinomoto Co., Inc., AJINOMOTO GENERAL FOODS, INC., ITO EN, LTD., ITOCHU-SHOKUHIN Co., Ltd., Ezaki Glico Company, Limited, SSP Co., Ltd., ST Trading Co., Ltd., Oji Nepia Co., Ltd., Otsuka Pharmaceutical Co., Ltd., Kao Customer Marketing Co., Ltd., KAGOME CO., LTD., KATAOKA & CO., LTD., KAMEDA SEIKA CO., LTD., CALBEE, Inc., KEY COFFEE INC., Kikkoman Beverage Company, Kikkoman Food Products Company, Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Koikeya Co., Ltd., Coca-Cola Customer Marketing Company, Limited, KOBAYASHI PHAMACEUTICAL CO., LTD., Sapporo Breweries Ltd., Suntory Liquors Ltd., Suntory Foods Ltd., Shiseido Company, Limited, 3M Japan Limited, DAIO PAPER CORPORATION, NISSIN FOOD PRODUCTS CO., LTD., Kellogg Japan G.K., Nippon Paper Crecia Co., Ltd., Nestle Japan Ltd., HOUSE FOODS CORPORATION, FUJIFILM Corporation, The Procter & Gamble Company of Japan Limited, POKKA SAPPORO Food & Beverage Ltd., Mizkan Co., Ltd., Melodian Co., Ltd., MORINAGA & CO., LTD., UCC UESHIMA COFFEE CO., LTD., Unicharm Corporation, Unilever Japan Customer Marketing K.K., Lion Corporation, Ryohin Keikaku Co., Ltd., ROHTO Pharmaceutical Co., Ltd., Lotte Co., Ltd., Wakodo Co., Ltd., etc.

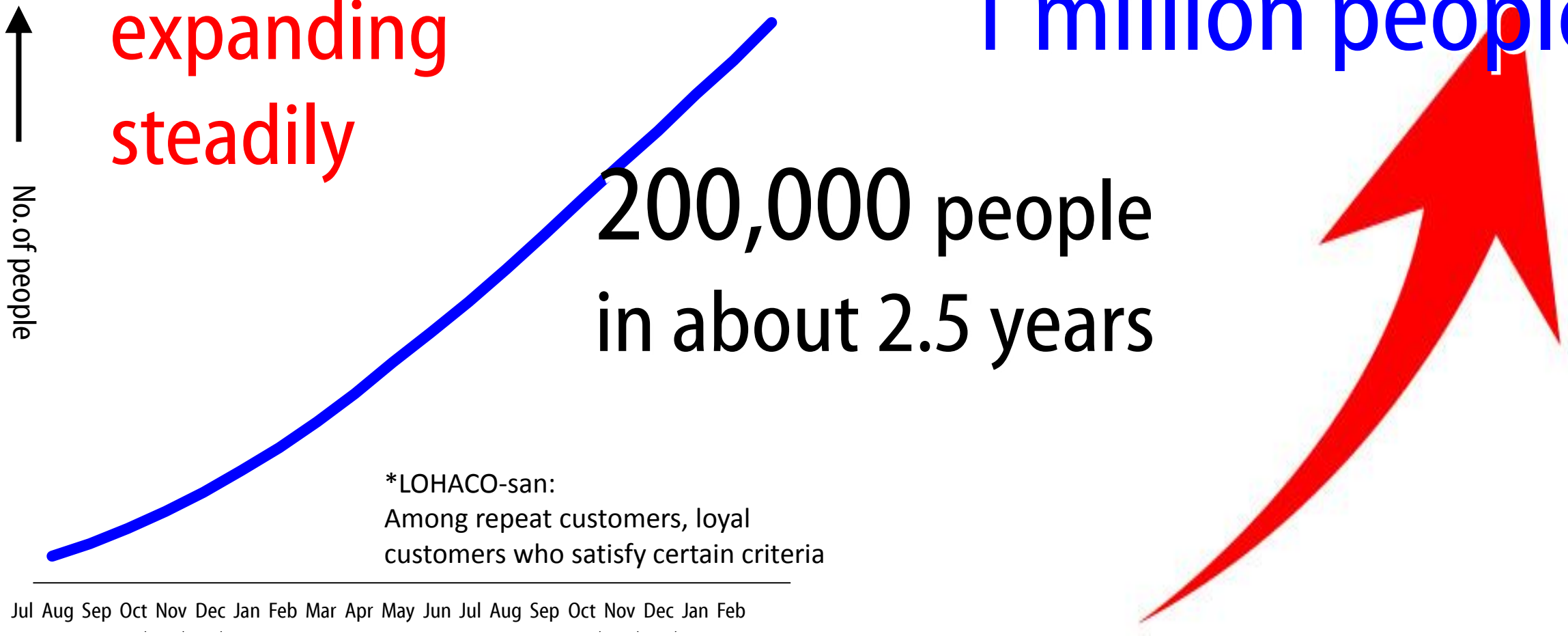
**Companies participating in LOHACO E-commerce Marketing Lab to reach 50**

# Second-generation E-commerce Steadily Spreading

LOHACO-san* expanding steadily

The next milestone

1 million people




*LOHACO-san:
Among repeat customers, loyal customers who satisfy certain criteria

# LOHACO to Focus on Further Growth

# Appendix

# FY5/2015 Nine Month Net Sales by Product Category

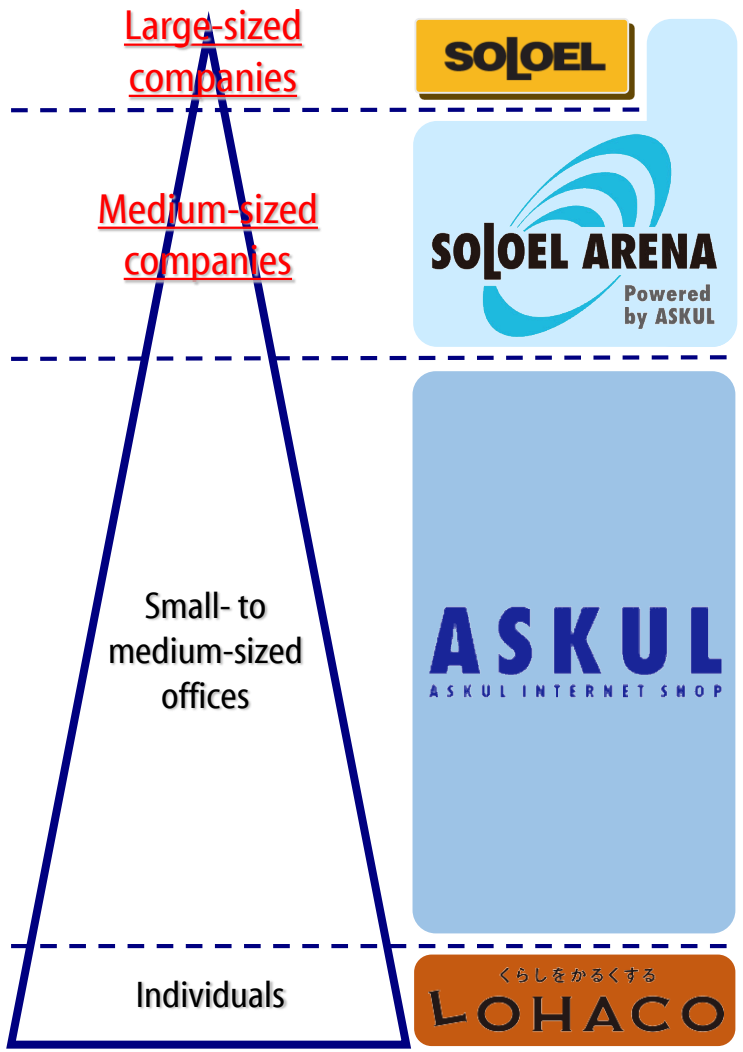
Non-consolidated

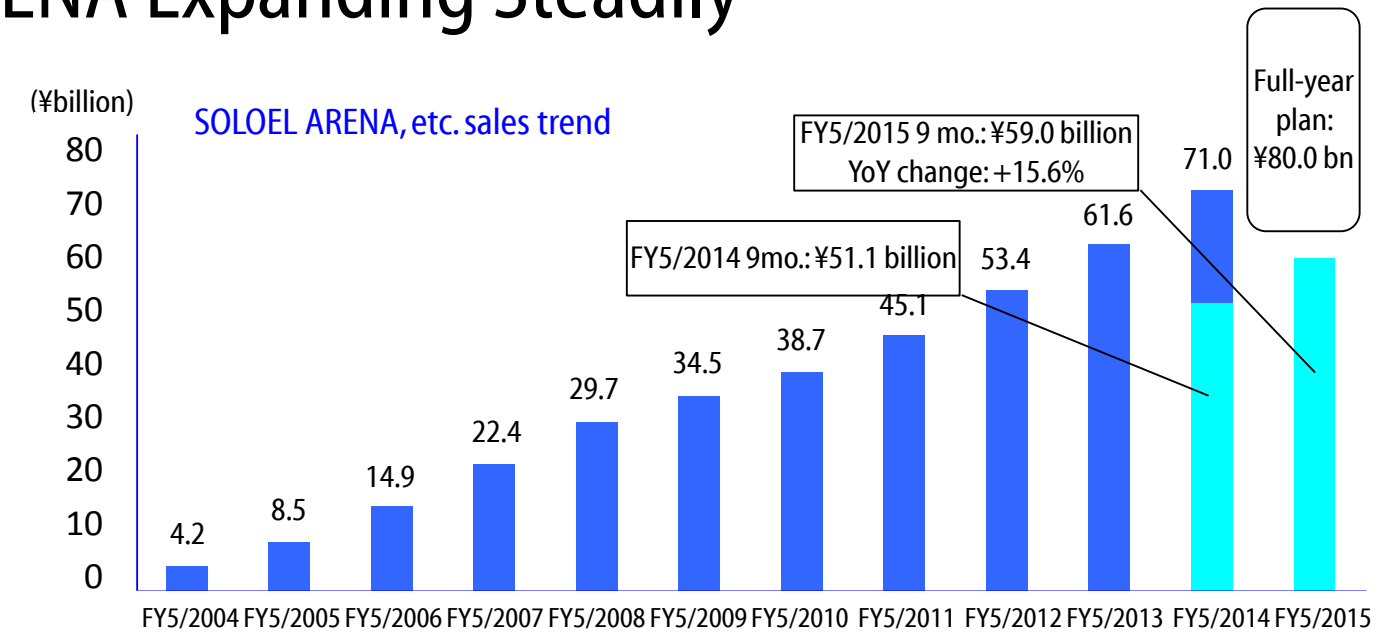
| | FY5/2014 9 mo. | | FY5/2015 9 mo. | |
|---|---|---|---|---|
| | ¥billion | YoY change % | ¥billion | YoY change % |
| OA&PC | 63.4 | 105.3 | 65.0 | 102.5 |
| Stationery | 38.6 | 107.8 | 41.7 | 108.0 |
| Living Supplies | 41.2 | 121.5 | 50.3 | 122.2 |
| Furniture | 13.0 | 104.8 | 14.0 | 108.0 |
| Others (Medical, etc.) | 12.8 | 115.5 | 14.2 | 110.7 |
| Total | 169.2 | 110.2 | 185.4 | 109.6 |

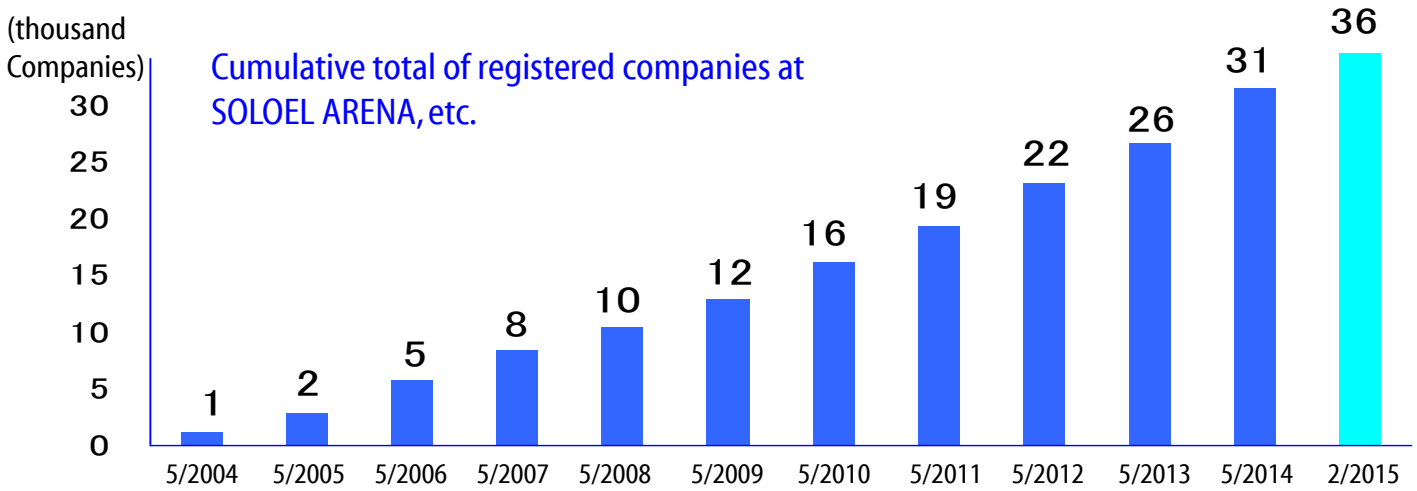
Non-consolidated net sales were also a record

Focus fields achieve double-digit growth

# SOLOEL ARENA Expanding Steadily




**Sales increased 15.6% YoY, exceeding full-year plan of up 12.7%**

# New Catalog Released




*ASKUL Catalog Spring/Summer 2015*
*Released in February 2015*

| | |
|---|---|
| Total pages | **1,280 pages** |
| Listed products | **About 33,600 items** |
| Newly offered products | **About 2,400 items** |
| Original products | **About 5,800 items** |
| Green products | **About 12,200 items** |

<Reference> Overview of *ASKUL Catalog Autumn/Winter 2014*

Total pages: 1,282 pages

Listed products: About 33,400 items

# New Catalog Released: Competitiveness




Competitiveness

# New Catalog Released: Originality

Originality



# New Catalog Released: Added Value

Added value



# Consolidated Gross Profit, SG&A Expenses, Capital Expenditures

## Gross profit: ¥43.9 billion YoY change: +¥3.5 billion

Gross profit margin: 21.8% YoY change: -0.4 p.p.

- Gross profit declined temporarily due to increase in cost of sales reflecting the weaker yen and higher raw material price as well as LOHACO's pricing strategy, but the latest figure has improved significantly.

## SG&A expenses: ¥40.0 billion YoY change: +¥2.1 billion

Ratio of SG&A expenses to net sales: 19.8% YoY change: -1.0 p.p.

- Satisfactory due to favorable impact of lower fixed cost ratio thanks to cost reduction and sales increase as well as improvement in logistics productivity

(Ref.) Advertising and sales promotion expenses: ¥1.38 billion

## Capital expenditures: ¥2.3 billion (Annual plan: ¥6.3 billion)

(Major investment) ASKUL Logi PARK Fukuoka logistics base enhancement ¥0.5 billion

(Ref.) Depreciation and amortization of software: ¥2.9 billion (Annual plan: ¥4.1 billion)

## (1) Share of orders placed on the Internet in net sales

| | FY5/2014 9 mo. | FY5/2015 9 mo. | YoY change |
|---|---|---|---|
| Orders via the Internet | 73.6% | 76.5% | +2.9p.p. |
| Other | 26.4% | 23.5% | -2.9p.p. |

Note 1: The percentages above are based on orders placed.

## (2) ASKUL original products

(items)

| | February 2014 (single month) | February 2015 (single month) | YoY change |
|---|---|---|---|
| Number of original products | 5,113 | 5,863 | +750 |
| Share in non-consolidated net sales | 16.3% | 17.5% | +1.2 p.p. |
| (of which B-to-B business) | (17.0%) | (18.6%) | (+1.6 p.p.) |

Notes:

1. The figures above are the results for the month of February each year.
2. Net sales of original products used as the numerators in calculating the shares in net sales do not include net sales of original copier paper.
3. Number of original products does not include the products listed in Medical & Care Catalogs and Medical Pro Catalogs.

# (3) Capital Expenditures

(¥million)

| Item | First nine months of FY5/2014 | First nine months of FY5/2015 | |
|---|---|---|---|
| | Amount | Amount | YoY change |
| [Capital expenditures] Note 2 | 23,687 | 2,340 | 9.9% |
| Property, plant and equipment Note 2 | 22,205 | 1,308 | 5.9% |
| Intangible assets | 1,482 | 1,031 | 69.6% |
| Construction in progress Note 3,4 | 35 | 676 | 1921.4% |
| Software in progress Note 4 | 184 | 178 | 96.8% |

Notes

1. Capital expenditures are stated on an accrual basis and do not reflect reductions.
2. Expenditures for FY5/2014 are high due to recording of expenses of ASKUL Logi PARK Tokyo Metropolitan.
3. Expenditures for FY5/2015 are high due to recording of expenses of ASKUL Logi PARK Fukuoka.
4. Construction in progress and software in progress partially include consumption and other taxes.

Some portions in slide 44 <<Appendix>> of the "FY5/2015 1st Half Performance (Consolidated financial summary for first half of fiscal year ending May 2015)" announced on December 17, 2014 were revised as follows (revised portions are underlined):

# Before revision

## (2) ASKUL Original Products

(items)

| | November 2013 (single month) | November 2014 (single month) | YoY change |
|---|---|---|---|
| Number of original products | 5,113 | 5,863 | ＋750 |
| Share in net sales | 16.3% | **18.6%** | **+2.3p.p.** |

# After revision

## (2) ASKUL Original Products

(items)

| | November 2013 (single month) | November 2014 (single month) | YoY change |
|---|---|---|---|
| Number of original products | 5,113 | 5,863 | ＋750 |
| Share in non-consolidated net sales | 16.3% | **17.6%** | **+1.2p.p.** |
| (of which B-to-B business) | (16.8%) | (18.6%) | (+1.9p.p.) |