FY5/2016 Full-Year Performance

Expects Continued Double-digit Growth and Increase in Both Sales and Profits for FY5/2017

To Start New LOHACO Receipt Service in End of August of "30-minute Delivery Window Notification"

To Enhance EC Technology through Technology Innovation of Big Data, AI and Robotics

July 5, 2016

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This is an English translation of the captioned presentation material. This translation is prepared and provided for the purpose of the convenience of non-Japanese-speaking people.
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.
MRO refers to Maintenance, Repair and Operation, and in this material primarily refers to the indirect materials consumed at work sites by companies.

Starting with the FY5/2016 full-year consolidated performance results, ASKUL newly introduced the business segments of e-commerce business, logistics business and other. The e-commerce business carries out sales of OA/PC supplies, office supplies, office amenities, office furniture, food, alcoholic beverages, medical supplies, cosmetics, etc. and the logistics business denotes the logistics and small cargo delivery services for enterprises.

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FY5/2016 Consolidated Performance

	FY5/2015		FY5/2016				
	Actual ¥million	% of net sales	Revised forecast ¥million	Actual ¥million	% of net sales	% of revised forecast	YoY change %
Net Sales	**276,759**	100.0	**312,000**	**315,024**	100.0	101.0	+13.8
Gross Profit	**60,814**	22.0	—	**70,328**	22.3	—	+15.6
Selling, General and Administrative Expenses	**53,965**	19.5	—	**61,810**	19.6	—	+14.5
Operating Income	**6,849**	2.5	**8,500**	**8,517**	2.7	100.2	+24.4
Ordinary Income	**6,959**	2.5	**8,500**	**8,574**	2.7	100.9	+23.2
Net Income attributable to owners of the parent	**4,032**	1.5	**5,000**	**5,255**	1.7	105.1	+30.3

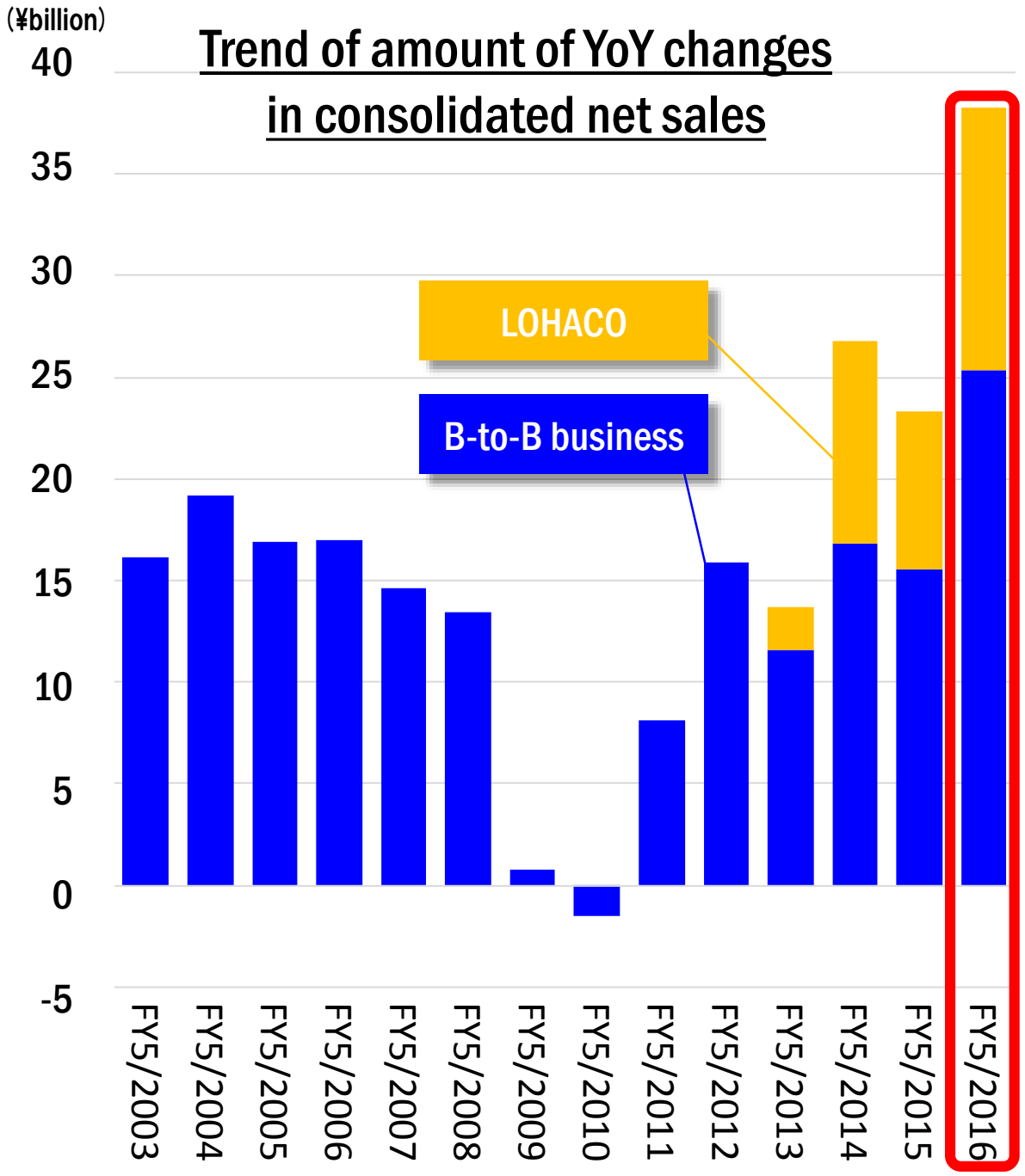
➢ Net sales

Added ¥3 billion to the revised forecast; exceeded ¥300 billion; achieved double-digit growth

➢ Profits

Achieved profit growth rate that exceeds net sales growth rate; returns increased to scale

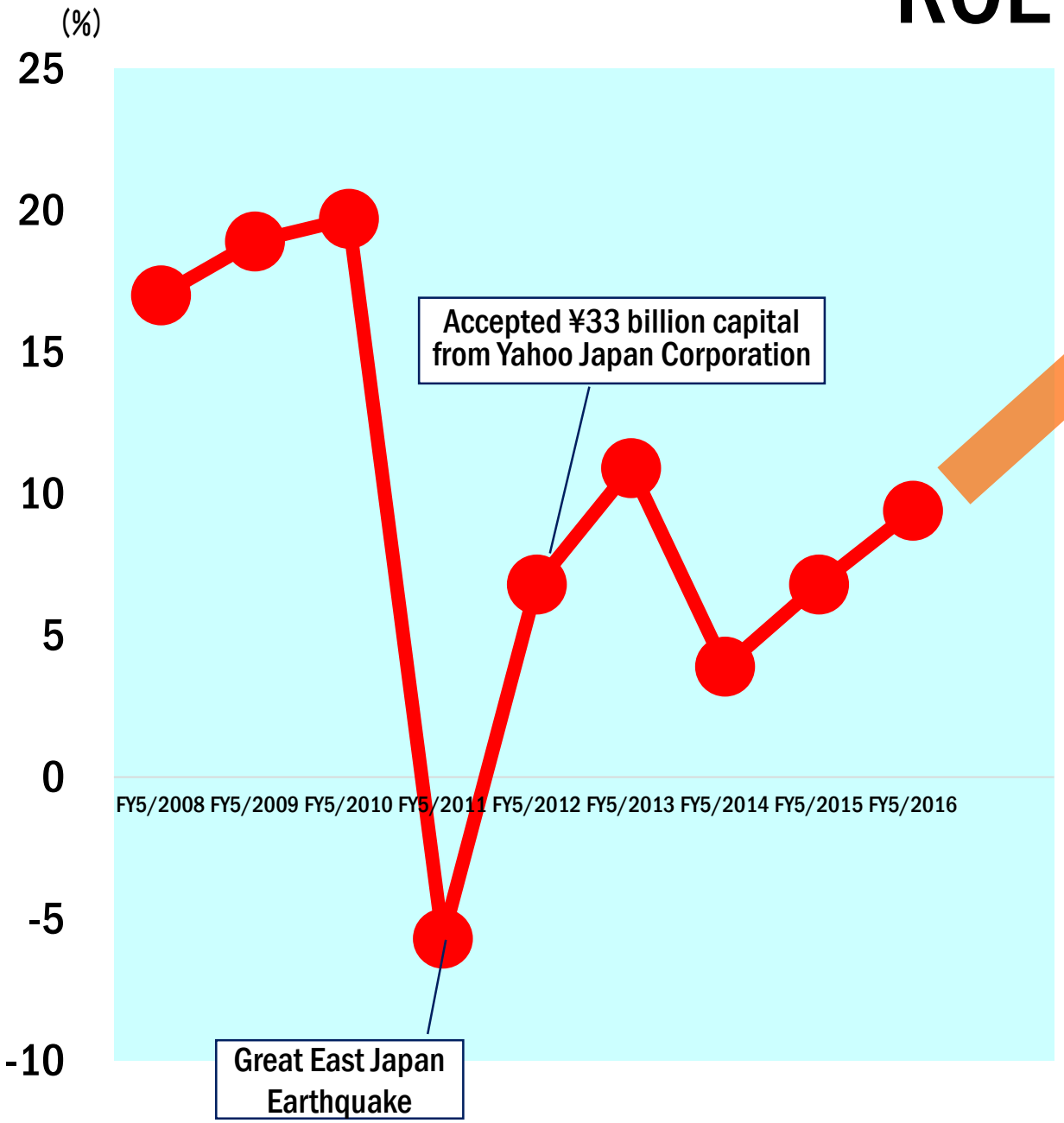
*The term is used based on the revision to rules regarding Accounting Standard for Business Combinations, terms, format and preparation method of consolidated financial statements. It is Net Income in the FY5/2015 results.



Record net sales increase

¥38.2 billion

ROE Trend



Improved capital efficiency through acquisition of treasury stock

(purchased 3.4 million shares)

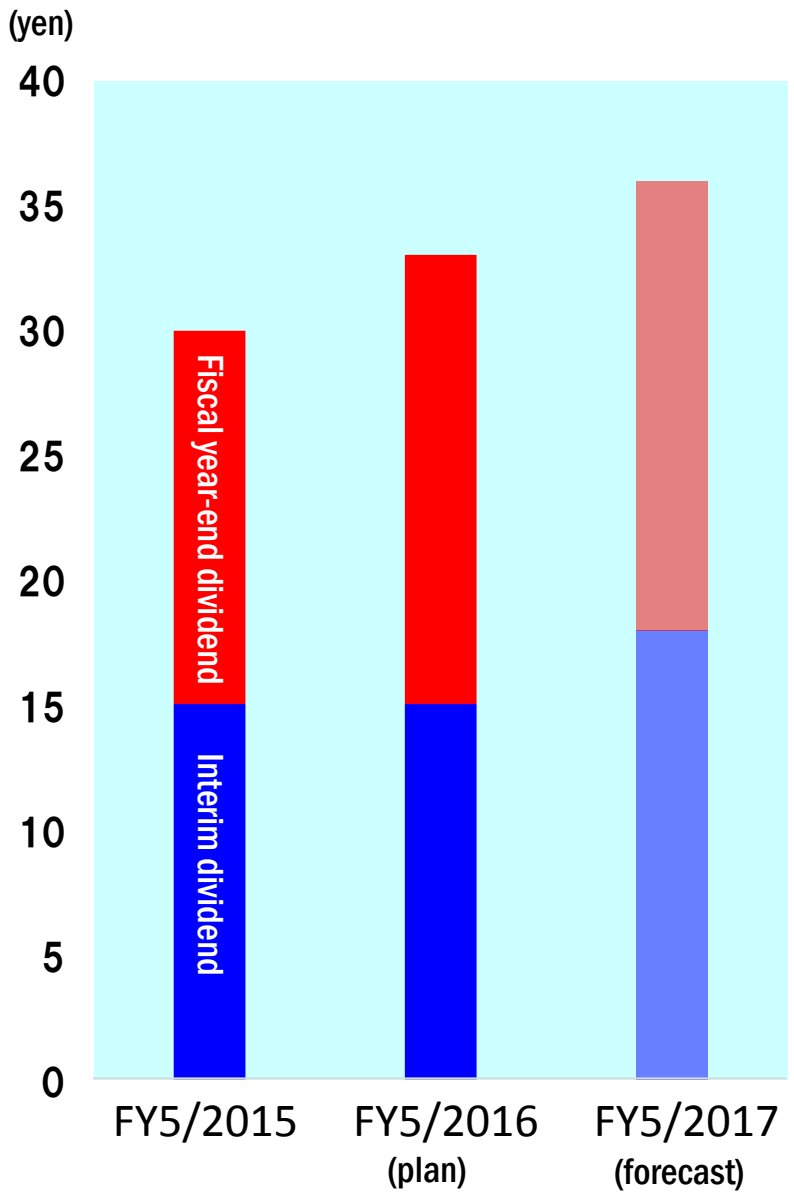
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Accelerated profit growth

Achieved ROE of 9.4% in FY5/2016 exceeding the target

Aim for ROE exceeding 10% in FY5/2017

Planning 2 Straight Years of Dividend Increase



- ✓ Improve earnings while expanding business and implement dividend payment linked to earnings to return profits to our shareholders
- ✓ Maintain continuous and stable dividend payment

FY5/2016 dividends (plan)

⇒ Annual dividend of 33 yen per share

(an interim dividend of 15 yen and a fiscal year-end dividend of 18 yen)

3 yen increase compared with FY5/2015

(payout ratio of 32.8%)

FY5/2017 dividends (forecast)

⇒ Annual dividend of 36 yen per share

(an interim dividend of 18 yen and a fiscal year-end dividend of 18 yen)

3 yen increase compared with FY5/2016

(payout ratio of 34.0%)

FY5/2016 Consolidated Performance (By Business)

		FY5/2015 (¥billion)	FY5/2016 (¥billion)	FY5/2016 YoY chage %
Net sales	B-to-B business	255.1	278.5	+9.2
	LOHACO	19.9	32.8	+64.7
	E-commerce business	275.0	311.3	+13.2
	Logistics business, other	1.6	3.6	+114.5
	Consolidated total	276.7	315.0	+13.8
Operating income	B-to-B business	10.7	13.3	+23.8
	LOHACO (excl. active sales promotion)	-3.2	-2.7	—
	Further active sales promotion	—	-0.6	—
	LOHACO	-3.2	-3.4	—
	E-commerce business	7.5	9.8	+31.0
	Logistics business, other	-0.1	-0.4	—
	Intermediate total	7.3	9.3	—
	Term-end bonus	-0.3	-0.4	—
	Share-price-linked incentive	-0.1	-0.3	—
	Consolidated total	6.8	8.5	+24.4

➢ Net sales

B-to-B business: maintained high growth rate

LOHACO: ¥32.8 billion (up 64.7% YoY)

➢ Operating income

B-to-B business: ¥13.3 billion (up 23.8% YoY)

Including distribution center relocation expense of ¥1.1 billion

⇒ ASKUL Logi PARK Fukuoka (operational in Dec.), Yokohama (operational in May)

LOHACO: profitability improved

Term-end bonus: -¥0.4 billion

⇒ Consolidated ordinary income exceeded the initial forecast of ¥8 billion, a third of the excess was paid as term-end bonus to employees

Share-price-linked incentive: -¥0.3 billion (cont. to the next slide)

Share-price-linked Incentive



- ✓ Aimed at linking shareholders' profits and incentive of executives and employees
- ✓ Introduced on Oct. 1, 2012 (closing price of ¥1,256) Base share price is ¥1,600
- ✓ As the share price exceeded the base share price and achieved the initial earnings forecasts, payment of incentive occurred in FY5/2015 and FY5/2016
- ✓ The payment period ends in FY5/2017
- ✓ Taking into consideration the impact on statements of income, we subsequently switched to subscription rights to shares with performance conditions (stock options with charge)

Relentless cost reduction activities have been successful throughout the company

Continuing Waste Busters/Cost Busters initiatives from FY5/2007 All employees are implementing the activities by participating and proposing ideas

FY5/2016 result

Projects in progress: 682 Approx. ¥900million of cost reduction

Implementing relentless cost reduction activities also in FY5/2017

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FY5/2017 Consolidated Performance Outlook

	FY5/2016		FY5/2017		
	Actual ¥billion	% of net sales	Plan ¥billion	% of net sales	YoY change %
Net Sales	**315.0**	100.0	**348.0**	100.0	+10.5
Gross Profit	**70.3**	22.3	**78.9**	22.7	+12.3
Selling, General and Administrative Expenses	**61.8**	19.6	**69.4**	20.0	+12.4
Operating Income	**8.5**	2.7	**9.5**	2.7	+11.5
Ordinary Income	**8.5**	2.7	**9.5**	2.7	+10.8
Net Income attributable to owners of the parent	**5.2**	1.7	**5.5**	1.6	+4.6

- **Net sales plan**
  To continue with double-digit growth
- **Gross profit margin plan**
  Expects up +0.4 p.p. YoY
- **Selling, general and administrative expenses plan**
  New LOHACO Receipt service
  Investment of ¥0.7 billion in advance expense
  ASKUL Logi PARK Fukuoka and ASKUL Logi PARK Yokohama operational
  A ¥1.1 billion increase in distribution center fixed costs
- **Operating income plan**
  ¥9.5 billion (up ¥1 billion YoY)

FY5/2017 Consolidated Performance Outlook [By Business]

		FY5/2016 Actual ¥billion	FY5/2017 Plan ¥billion	FY5/2017 YoY change %
Net sales	B-to-B business	278.5	295.0	+5.9
	LOHACO	32.8	48.0	+46.1
	E-commerce business	311.3	343.0	+10.1
	Logistics business, other	3.6	5.0	+37.9
	Consolidated total	315.0	348.0	+10.5
Operating income	B-to-B business	13.3	14.0	+5.5
	LOHACO(excl. below)	-2.7	-2.4	—
	Further acitive sales promotion	-0.6	-0.6	—
	Delivery service evolution	—	-0.7	—
	LOHACO	-3.4	-3.9	—
	E-commerce business	9.8	10.0	+2.7
	Logistics business, other	-0.4	-0.5	
	Intermediate total	9.3	9.5	+1.6
	Term-end bonus, etc.	-0.4	—	—
	Share-price-linked incentive	-0.3	—	—
	Consolidated total	8.5	9.5	+11.5

➢ Net sales plan

B-to-B business: continues to grow

LOHACO: ¥48 billion (up 46.1% YoY)

➢ Operating income plan

B-to-B business: ¥14 billion

LOHACO: profitability to improve

Continue with active sales promotion for further improvement of visibility

New LOHACO Receipt service

Investment of ¥0.7 billion in advance expenses, etc.

Consolidated Performance Outlook for 1H and 2H FY5/2017

	1H FY5/2017			2H FY5/2017		
	Plan ¥billion	% of net sales	YoY change %	Plan ¥billion	% of net sales	YoY change %
Net Sales	**166.0**	100.0	+10.7	**182.0**	100.0	+10.2
Gross Profit	**37.6**	22.7	+10.5	**41.3**	22.7	+14.0
Selling, General and Administrative Expenses	**34.4**	20.7	+16.3	**35.0**	19.3	+8.8
Operating Income	**3.2**	1.9	-28.1	**6.3**	3.5	+55.0
Ordinary Income	**3.2**	1.9	-27.8	**6.3**	3.5	+52.1
Net Income attributable to owners of the parent	**1.8**	1.1	-35.2	**3.7**	2.0	+49.2

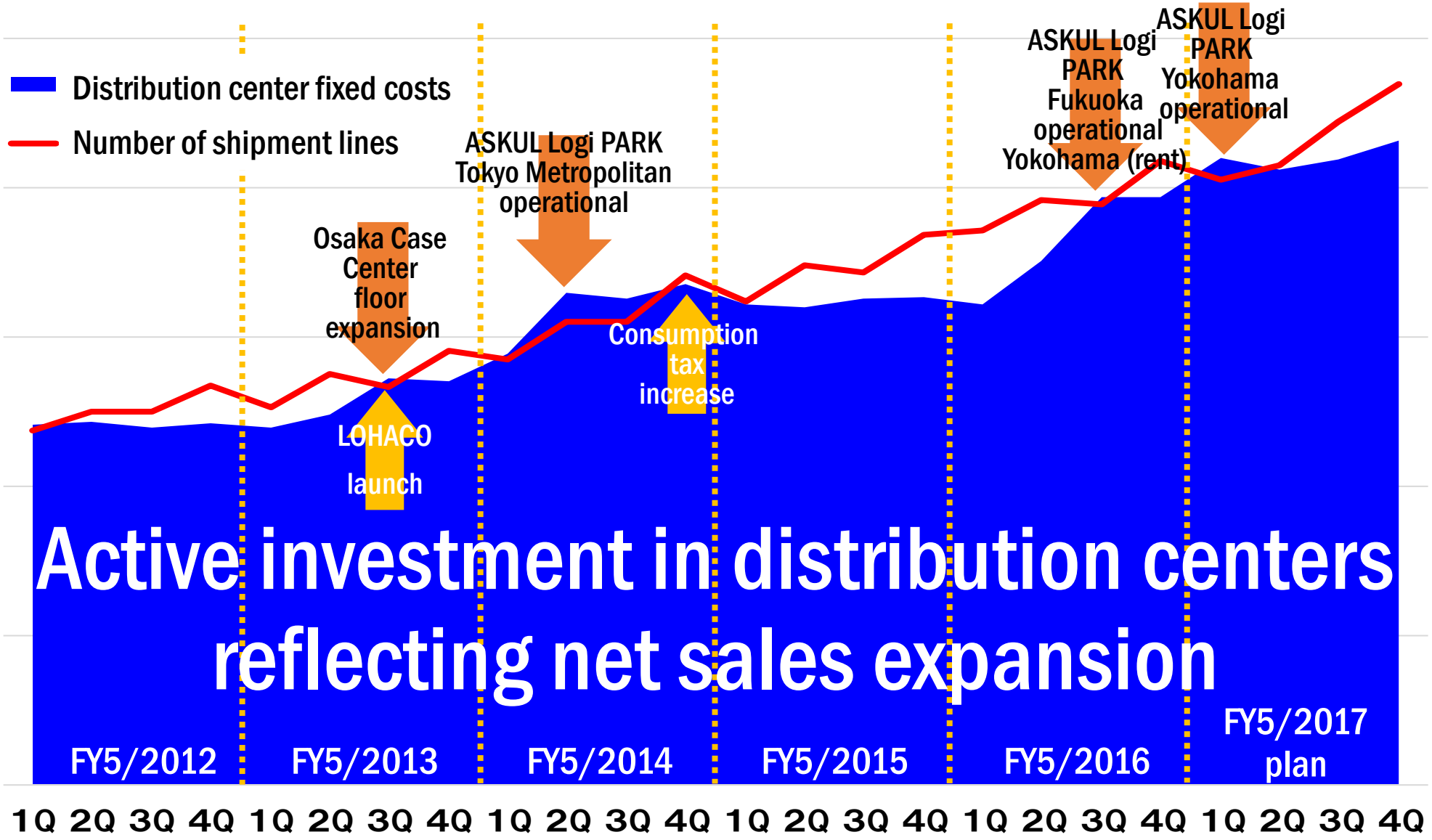
➢ 1H

ASKUL Logi PARK Fukuoka
ASKUL Logi PARK Yokohama
Fixed and unit labor costs per line to increase due to the start of the two centers

➢ 2H

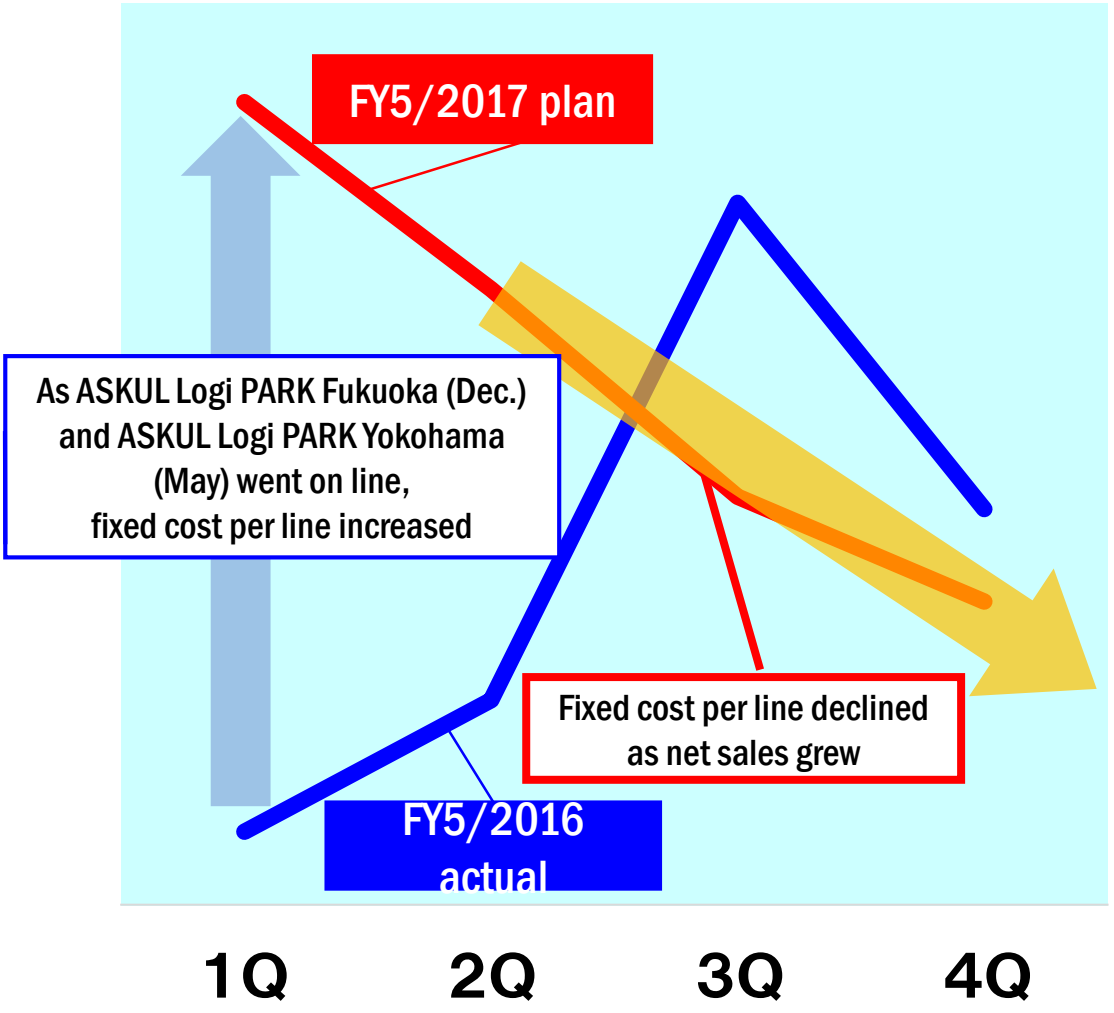
Fixed and unit labor costs per line to improve due to net sales growth and highly automated distribution centers
Profit growth rate to increase

Trend of Distribution Center Fixed Costs and Number of Shipment Lines



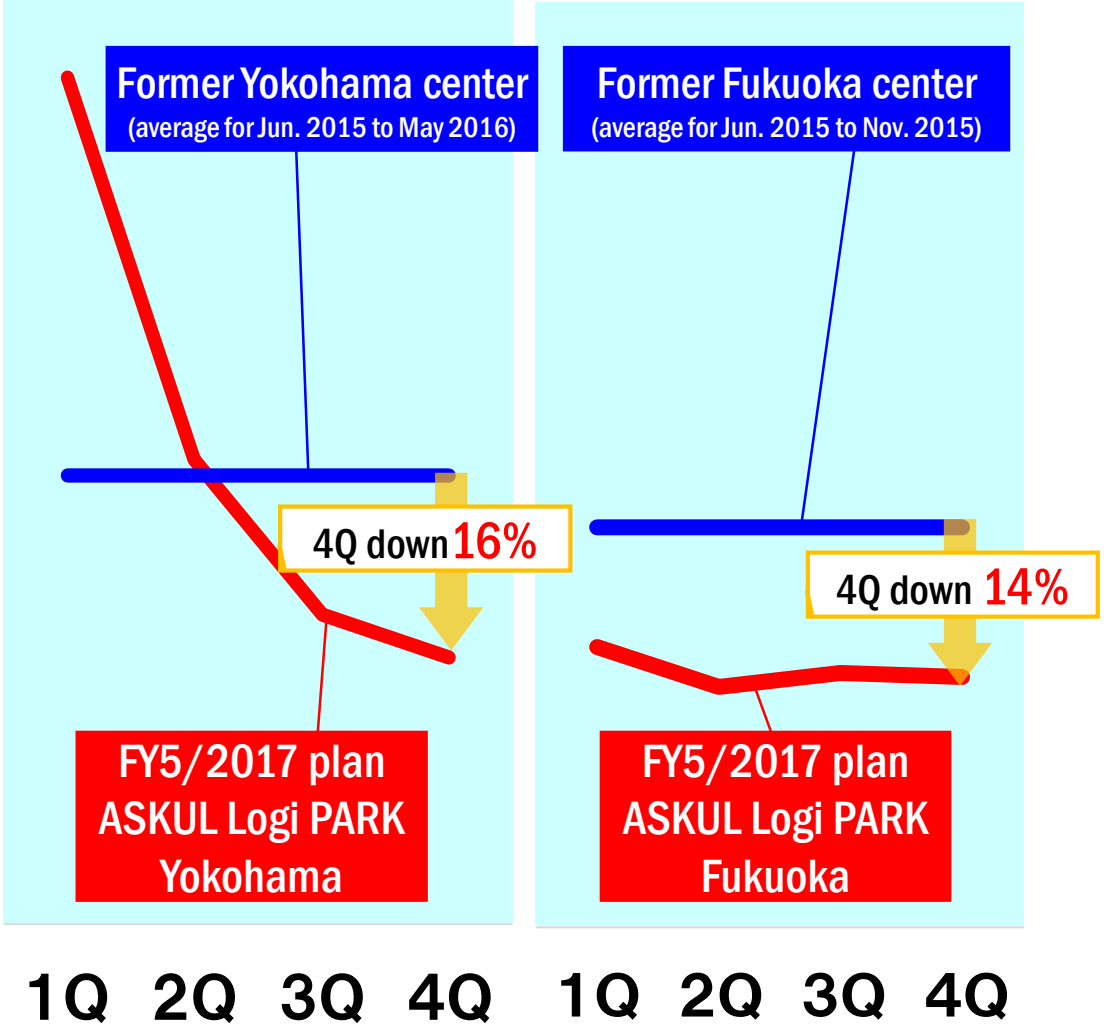
Distribution center fixed costs = Rent, cleaning and security (common service expense, utility, security, etc.) + Depreciation

Trend of fixed cost per order line



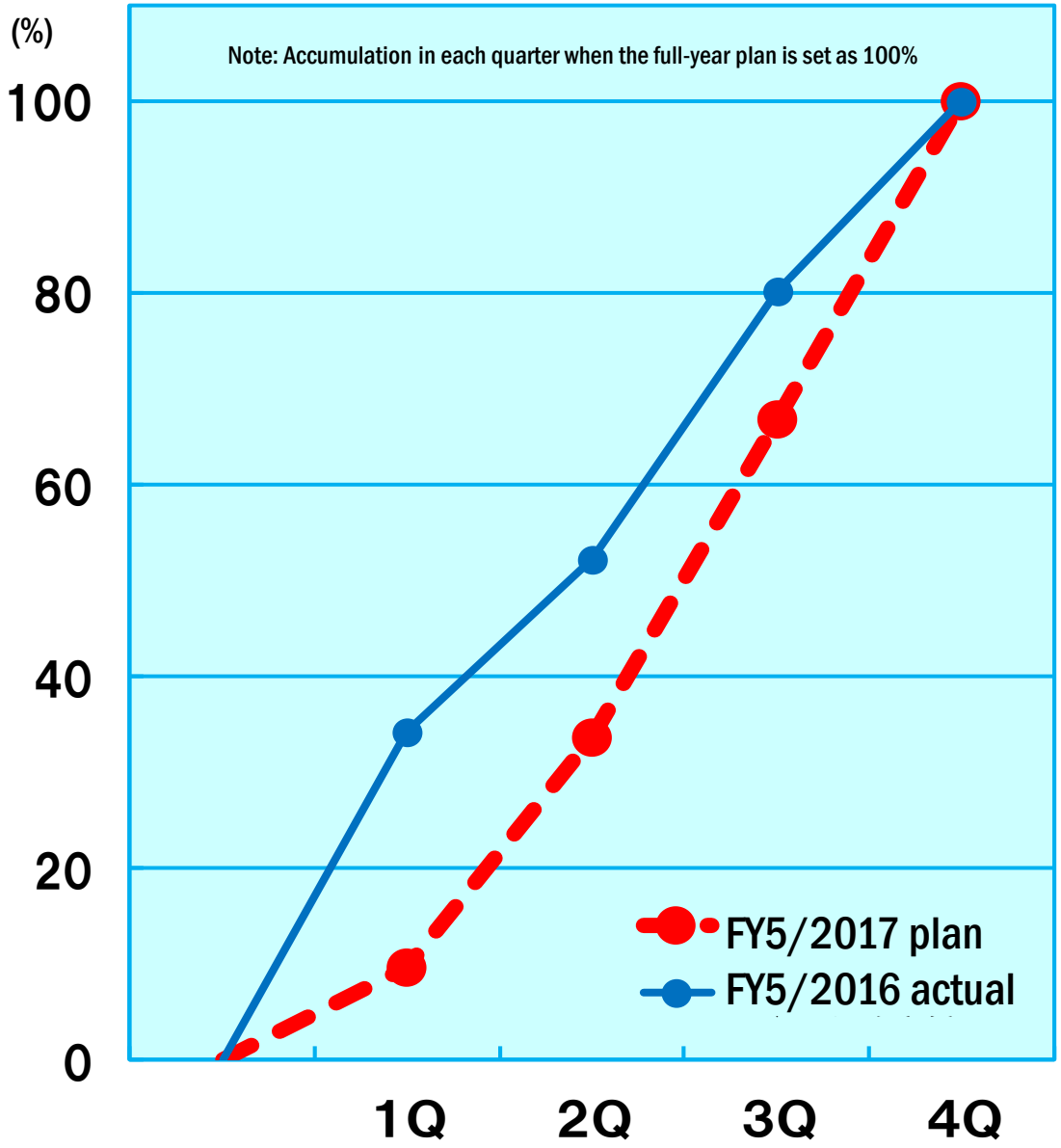
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Trend of unit labor cost per order line



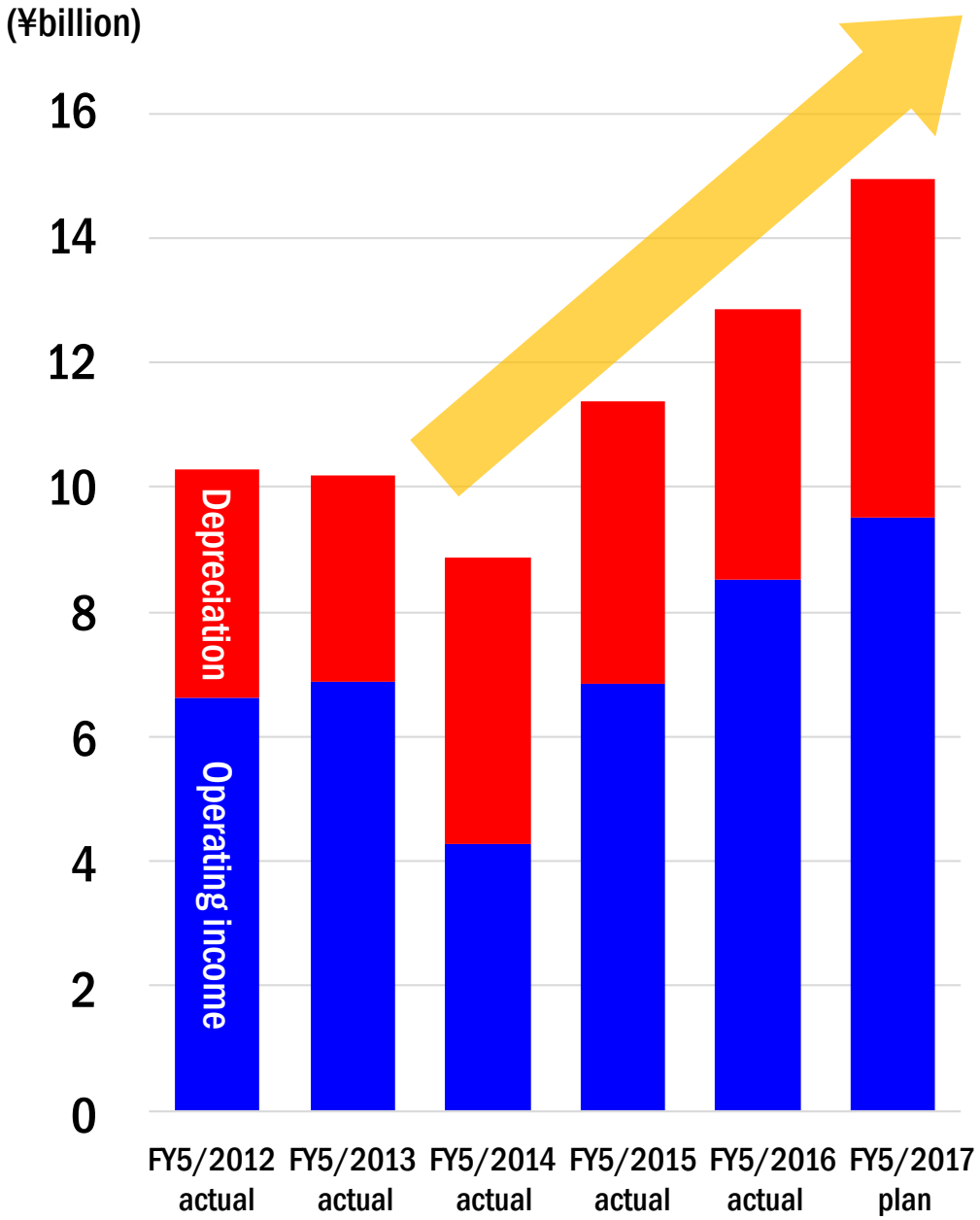
Profit growth to accelerate in 2H of FY5/2017 due to net sales growth and highly automated distribution centers

Image of How FY5/2017 Consolidated Operating Income Would Progress



Profit growth to accelerate in 2H of FY5/2017

EBITDA Trend



Increased operating income + Advance investment

To post record EBITDA in FY5/2017

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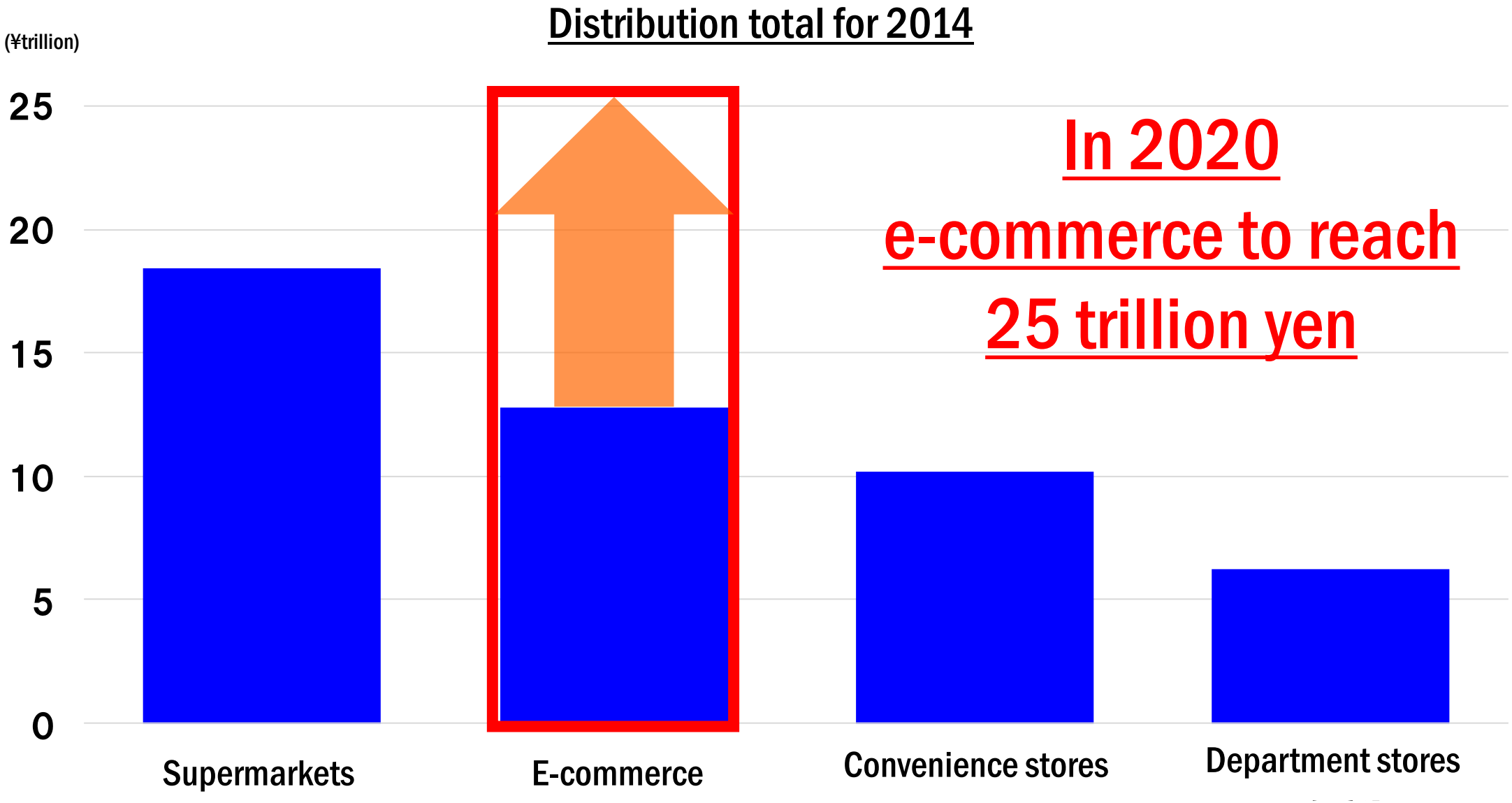
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E-commerce Market Is Expanding Rapidly



(Source: Nikkei Industry Map 2016 and *IT Navigator 2015* by Nomura Research Institute, Ltd.)


To strengthen EC technology to achieve growth from the global standards perspective


Big Data
AI (artificial intelligence)
Robotics
×
Logistics
Marketing
Joint creation with manufacturers
Accelerate growth speed

FY5/2017 Company-wide Policy

Realize service evolution and logistics efficiency improvement through innovation
(new receipt service + introduction of robots)

B-to-B business aims to become absolute No.1 in all workplaces with EC technology and product lineup expansion

LOHACO to become No. 1 in second generation e-commerce through joint creation with manufacturers and improvement of visibility

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AI-type Chat Bot Ms. Manami Introduced in Sep. 2014



Realized manpower saving and improved customer satisfaction
It already handles work volume equivalent to
6.5 persons around the clock

New LOHACO Receipt Service to Start from End of August

Happiness of not having to wait



“Choice of a one-hour delivery window” “30-minute delivery window notification”
“10-minute pre-delivery notification”

Realizing delivery that supports customer service evolution
by handling it on our own
Eyeing creation of cost advantages in the future

New service making three commitments regarding delivery time



Choice of a one-hour delivery window

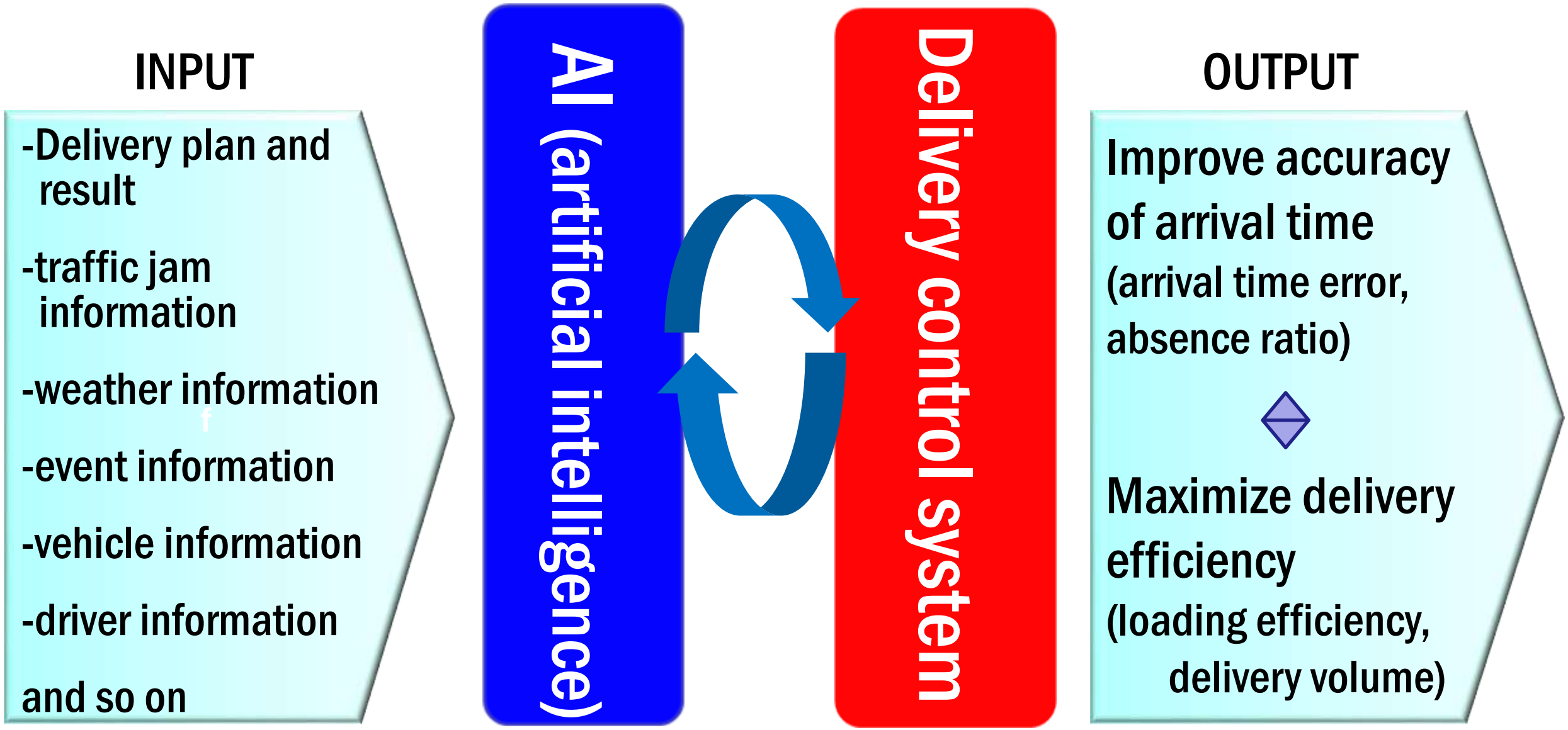


30-minute delivery window notification

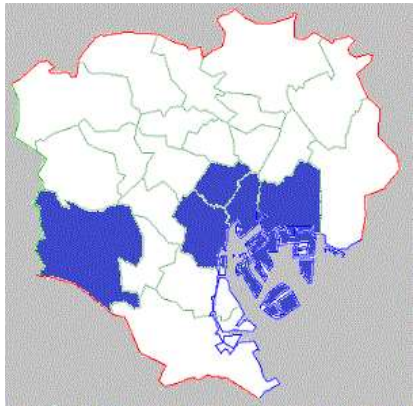


10-minute pre-delivery notification

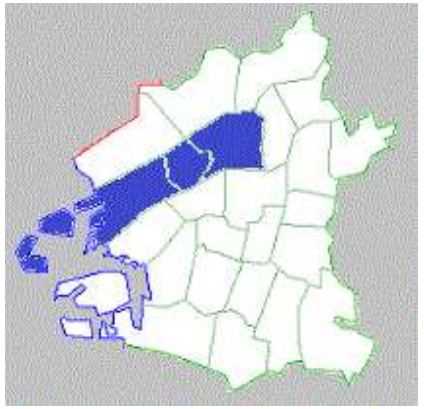
Realize Optimum Delivery with Logistics Big Data x AI



End of Aug. 2016, Full-scale Launch of 'Happy On Time' Service



Tokyo: to start with Chiyoda-ku, Chuo-ku, Minato-ku, Koto-ku and Setagaya-ku

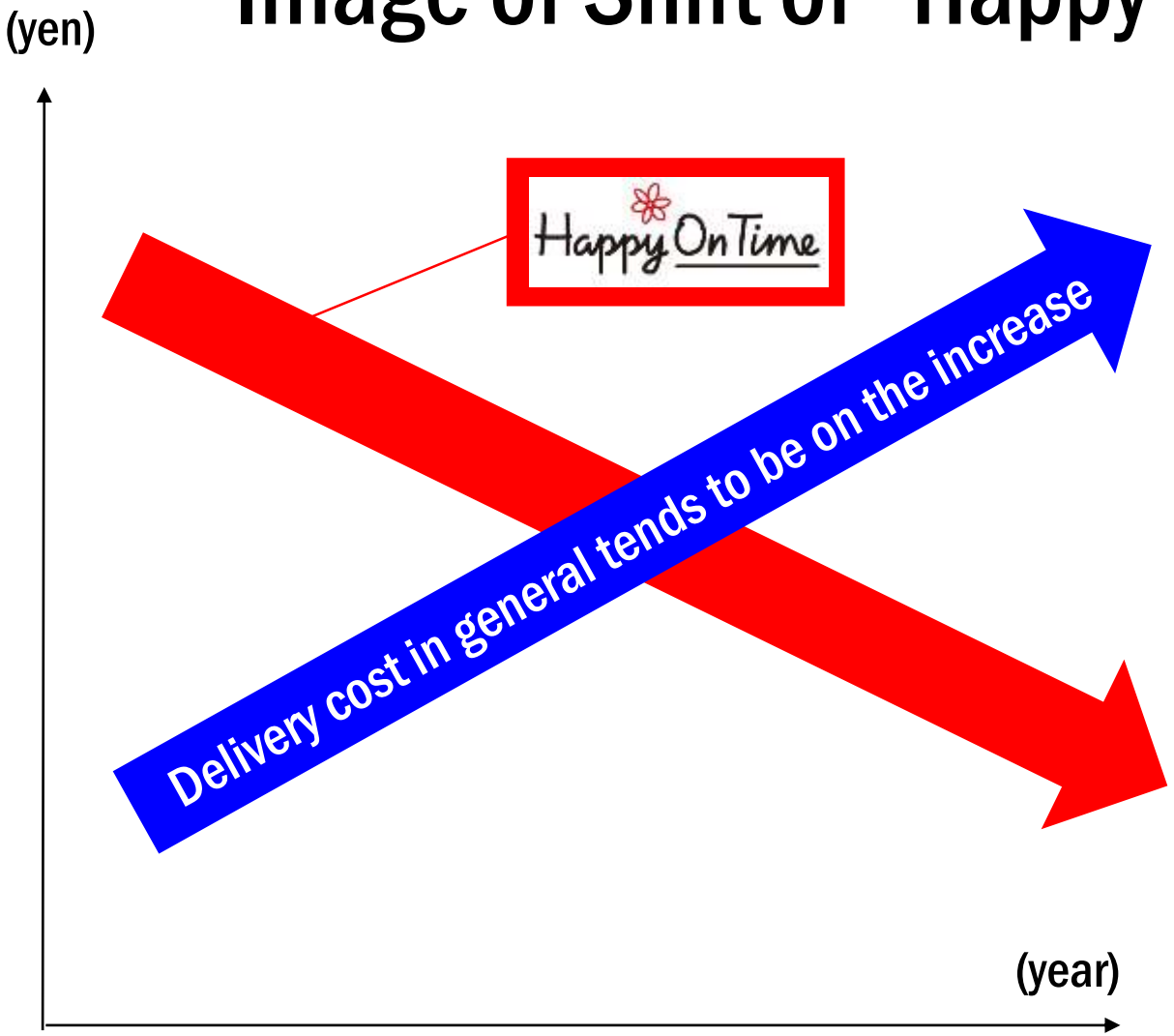


Osaka: to start with Kita-ku, Fukushima-ku and Konohana-ku

*The area to be expanded gradually

Aim to expand net sales through differentiation of service

Image of Shift of “Happy On Time” Delivery Unit Cost



Improve delivery unit cost through optimization using AI and delivering B-to-B packages together

Eyeing creation of cost advantages in the future

Absence Ratio of “Happy On Time” Delivery

General delivery absence ratio

about 20%*1

Test phase of this service

absence ratio: 6%*2

*1 Source: described based on the absence ratio of 23.5% (the number of packages redelivered due to absence per day/the number of packages taken out a day) in *FY2014 Low-carbon Community Development Intensive Support Model Project* study by the Ministry of the Environment in *Calculation of Social Loss Caused by Re-delivery in Home Delivery Service* by the Ministry of Land, Infrastructure, Transport and Tourism on August 25, 2015.

*2 The results of the Happy On Time service introduction test (from May to June 2016; when two-hour delivery slot is specified)

In addition to reduction of environmental burden, it also contributes to cost reduction



With the introduction of robots,
we aim for

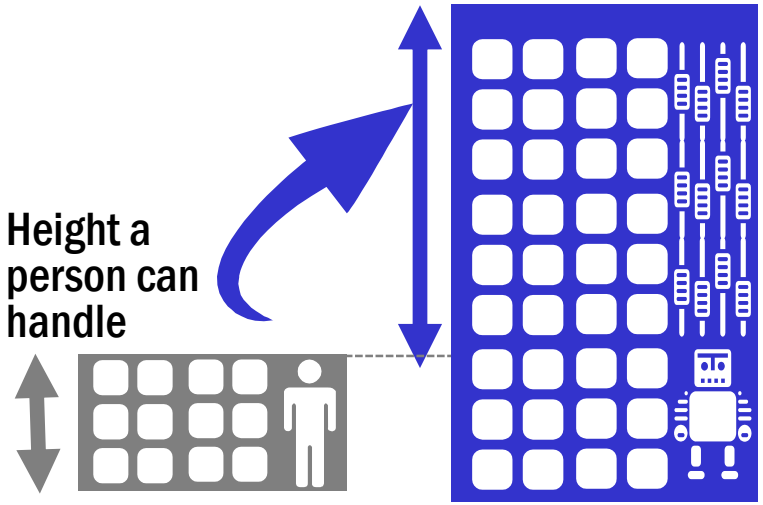
further high-level automation of logistics and round-the-clock full-capacity operation

Impact of Picking Robot Introduction

Products' inventory efficiency

As restrictions resulting from dependence on people were removed, efficiency improved

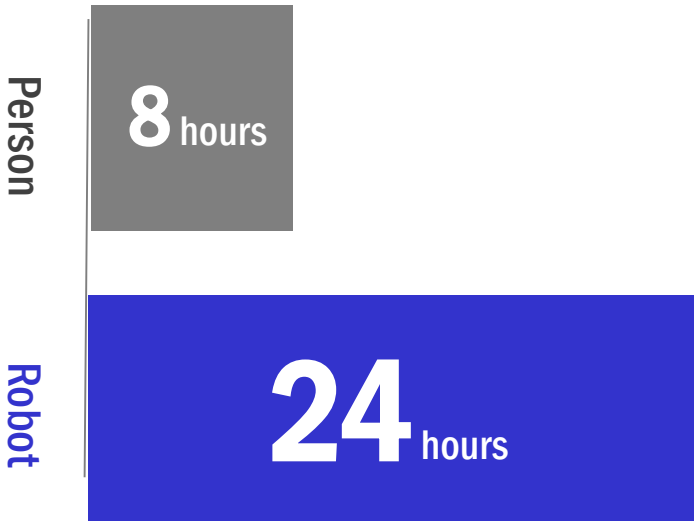
3 times



Work hours a day

From 8 hour operation to 24 hour operation

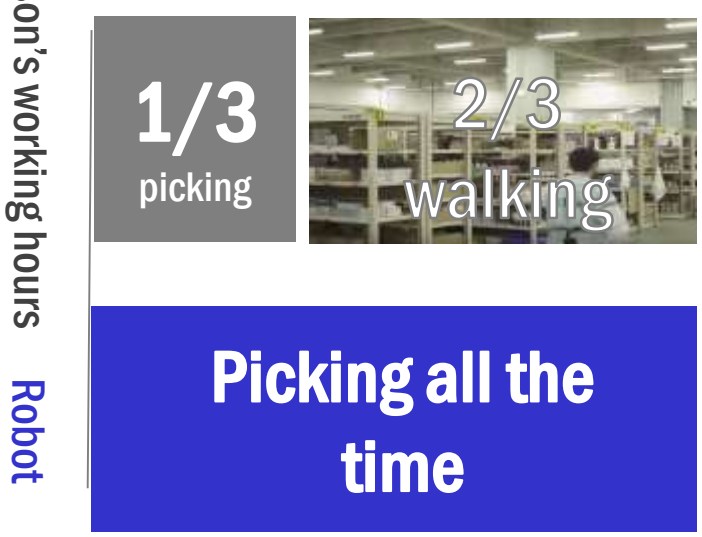
3 persons



Work productivity

As walking was eliminated, productivity improved

3 times



ASKUL to Build Its Largest, 8th Distribution Center

★ B-to-B business + LOHACO

● B-to-B business alone



★ ASKUL Logi PARK Kansai (Dec. 2017)
expected to become fully operational

★ ASKUL Logi PARK Tokyo Metropolitan
(Jul. 2013)

● Sendai DMC
(Aug. 2007)

● DCM Center
(Apr. 2002)

★ ASKUL Logi PARK Yokohama
(May 2016)

● Nagoya Center
(Sep. 2004)

★ Osaka DMC
(renovation in May 2013)

● ASKUL Logi PARK Fukuoka
(Dec. 2015)

ASKUL Logi PARK Kansai Profile

- Address: 3-166-12, Kishibeminami, Suita-shi, Osaka
- Site area: approx. 75,000 m^2
- Floor area: approx. 165,000 m^2
- Number of stories: 4 stories above ground (leasing the entire building)
- Start of operation: Dec. 2017 (planned)



Rendering

- ✓ 4.5 times Koshien Stadium, ASKUL's largest distribution center
- ✓ Located in central Kansai, enables access to customers in a short time
- ✓ People friendly center with a cafeteria for staff members
- ✓ Expected to receive environmental benchmark LEED* Gold certificate

*A building environmental authentication system widely recognized around the world and supervised by the U.S. Green Building Council.



Those who control logistics control e-commerce

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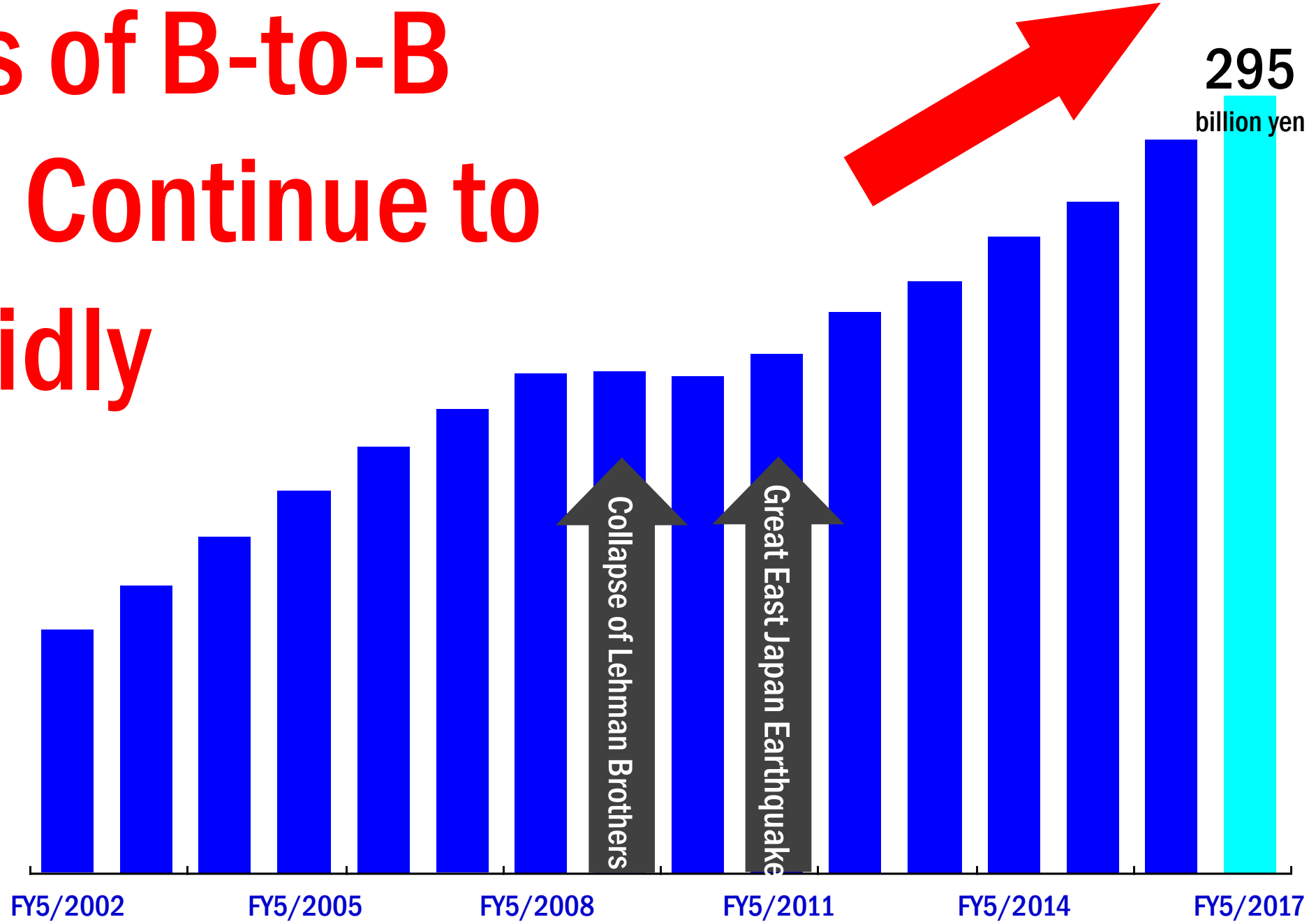
Targeting
B-to-B Business



ASKUL

SOLOEL

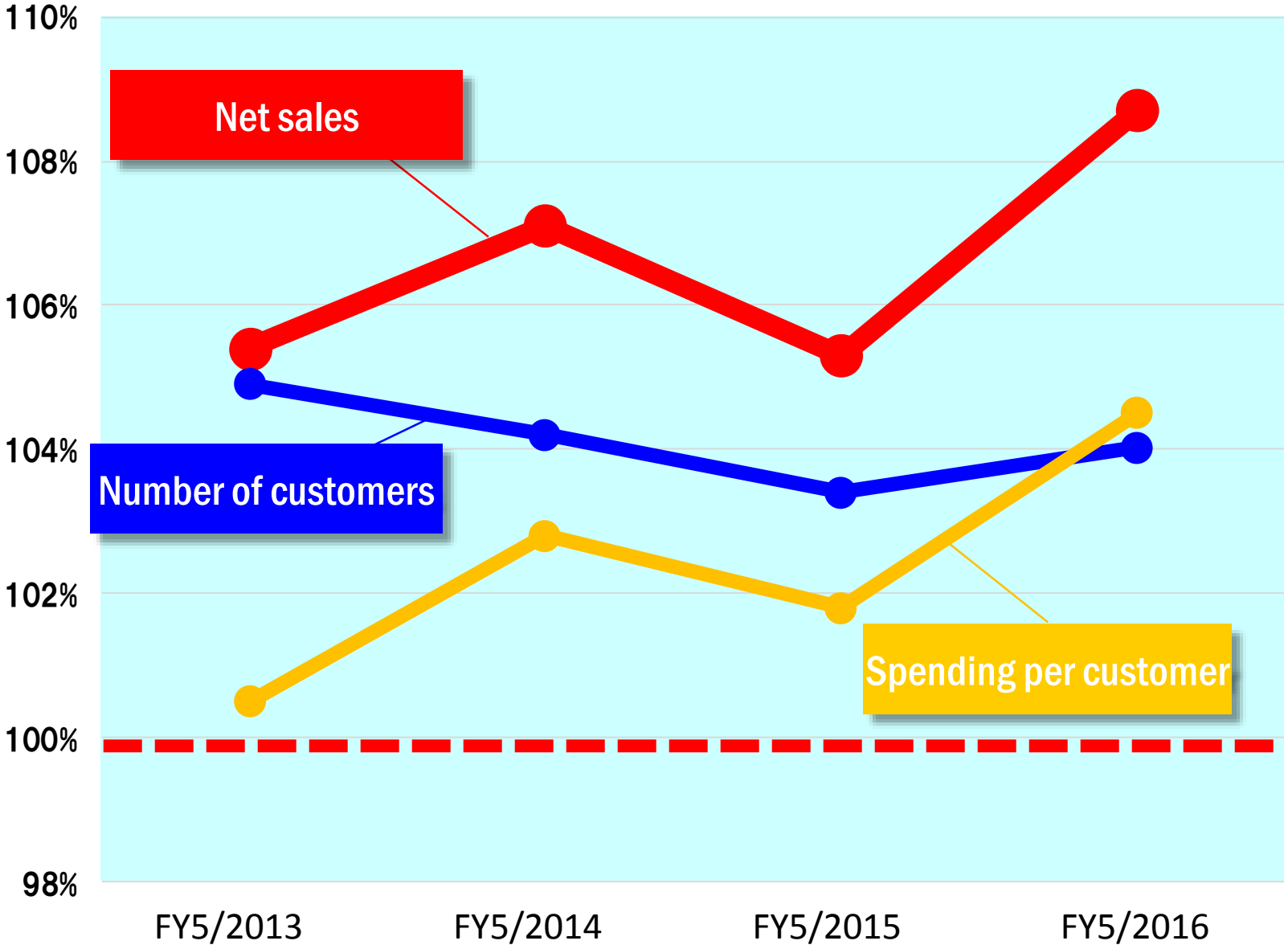
Net Sales of B-to-B Business Continue to Grow Solidly



ASKUL

B-to-B Business: Trends of YoY Change of Net Sales/Number of Customers/ Spending Per Customer

Non-consolidated



Increase in number of customers

×

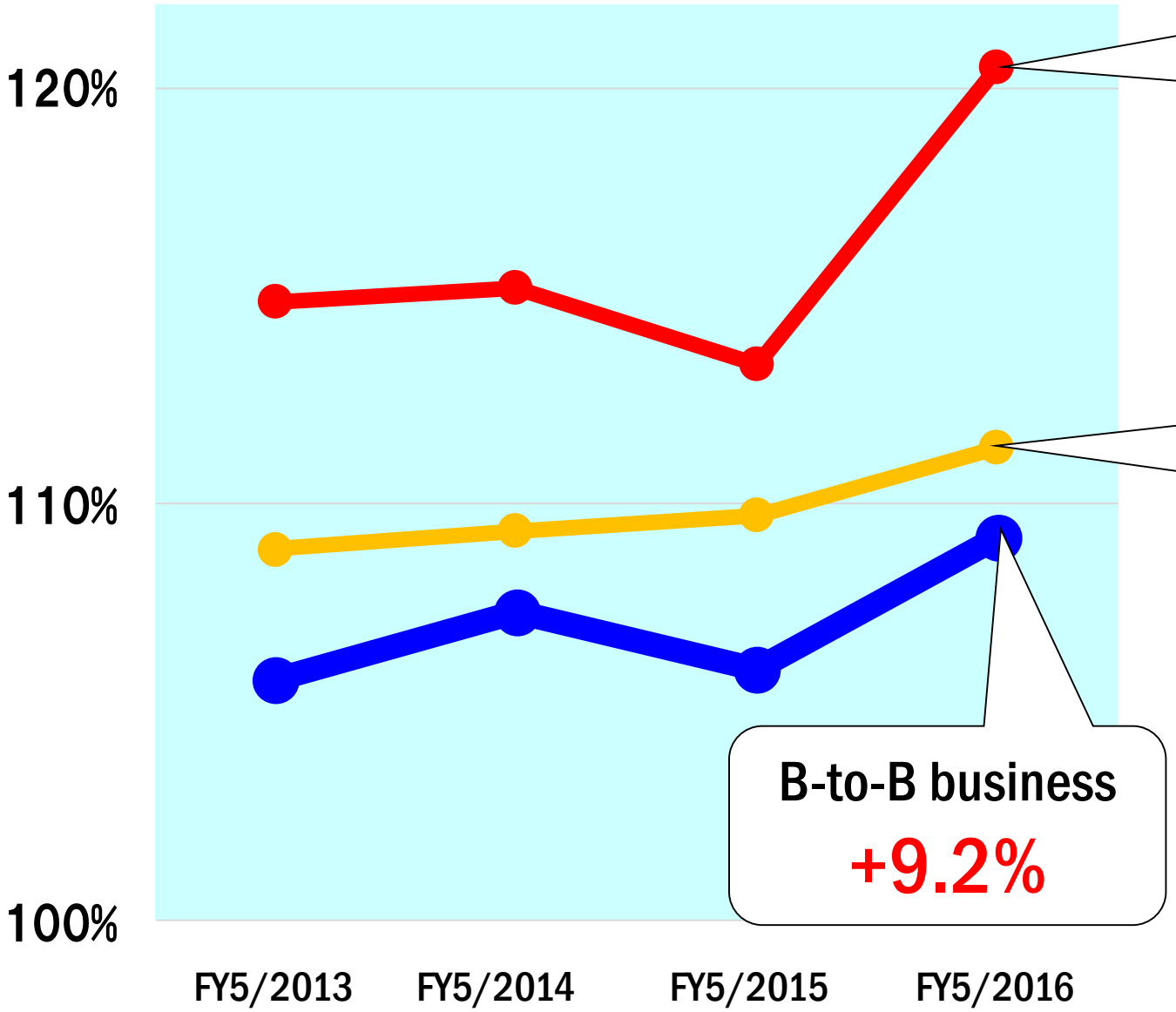
Increase in number of items purchased

Increase in unit cost per item purchased

=

Accelerated growth of net sales

B-to-B Business: Trend in YoY Change of Net Sales by Category



MRO+Medical
+20.5%

Living Supplies
+11.4%

Strong showing in strategic categories, driving the growth of B-to-B business

Increase the number of products for EC in one go

(10,000 items)

1,000

300

200

100

0

Expansion of product lineup

To begin with,
increase the number of items

about 3 times

in FY5/2017



FY5/1995 FY5/1997 FY5/1999 FY5/2001 FY5/2003 FY5/2005 FY5/2007 FY5/2009 FY5/2011 FY5/2013 FY5/2015 FY5/2017 (plan)

Actively Utilizing Big Data Knowledge Gained in LOHACO



MRO Marketing Consortium

On June 1, 2016　Participated by **38** manufacturers

Integrated Medical Material Website ASKUL MEDeTOMO and ASKUL Website

ASKUL website



ASKUL MEDeTOMO
(website dedicated to medical materials)

Integrated on July 1



Along with the website integration, we revised the catalog for medical industry
Made its delivery service level consistent with that of ASKUL service

Realizes one-stop shopping of office products and medical materials



ASKUL encourages customers' operations + Encourages agents to obtain licenses and permits

Reach

about **10 times**

of customers

Medical Business Enhances Own-brand Products

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

Industry-category-specific general-purpose products

New high-demand products

Ultra general-purpose products for any industry categories

High-demand products

General-purpose medical products	Specialized medical products
Gauze, alcohol cotten	Syringes, needles






Limited sales with double names of the manufacturer and ASKUL

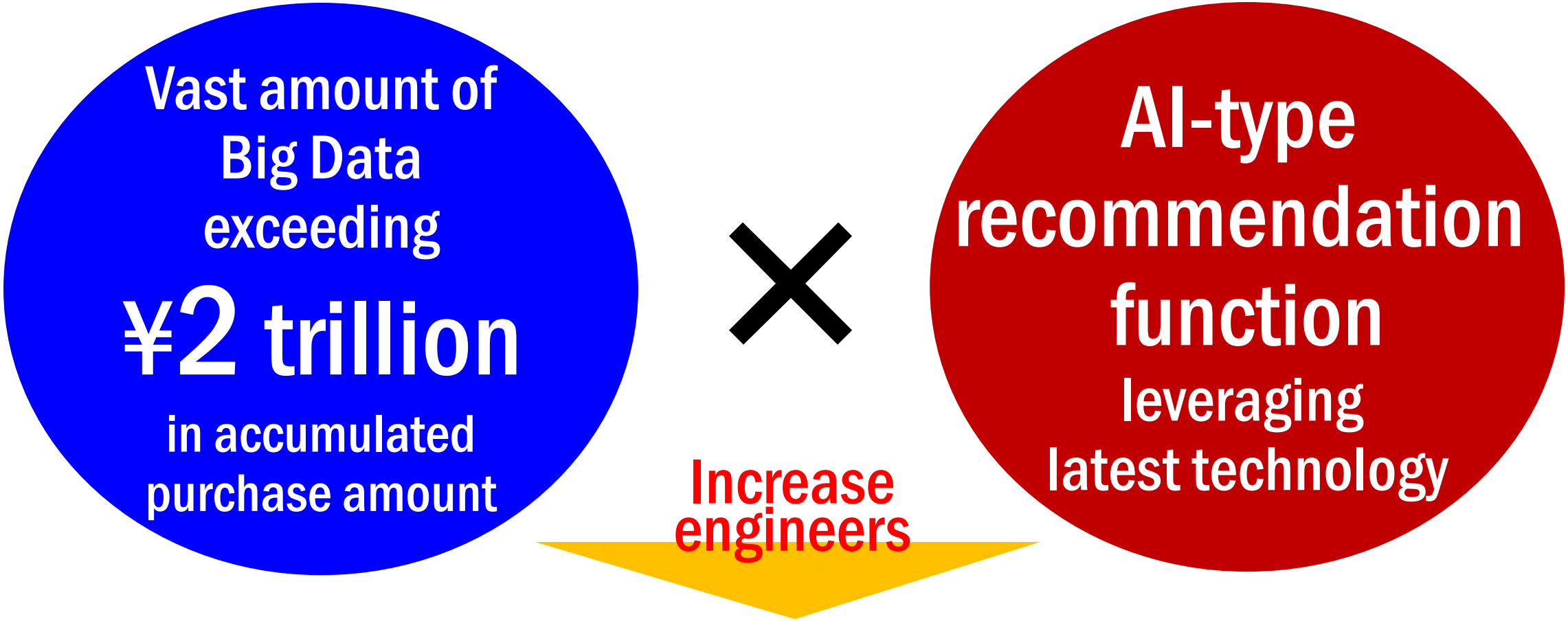
Masks, gloves, disinfectants	Diapers





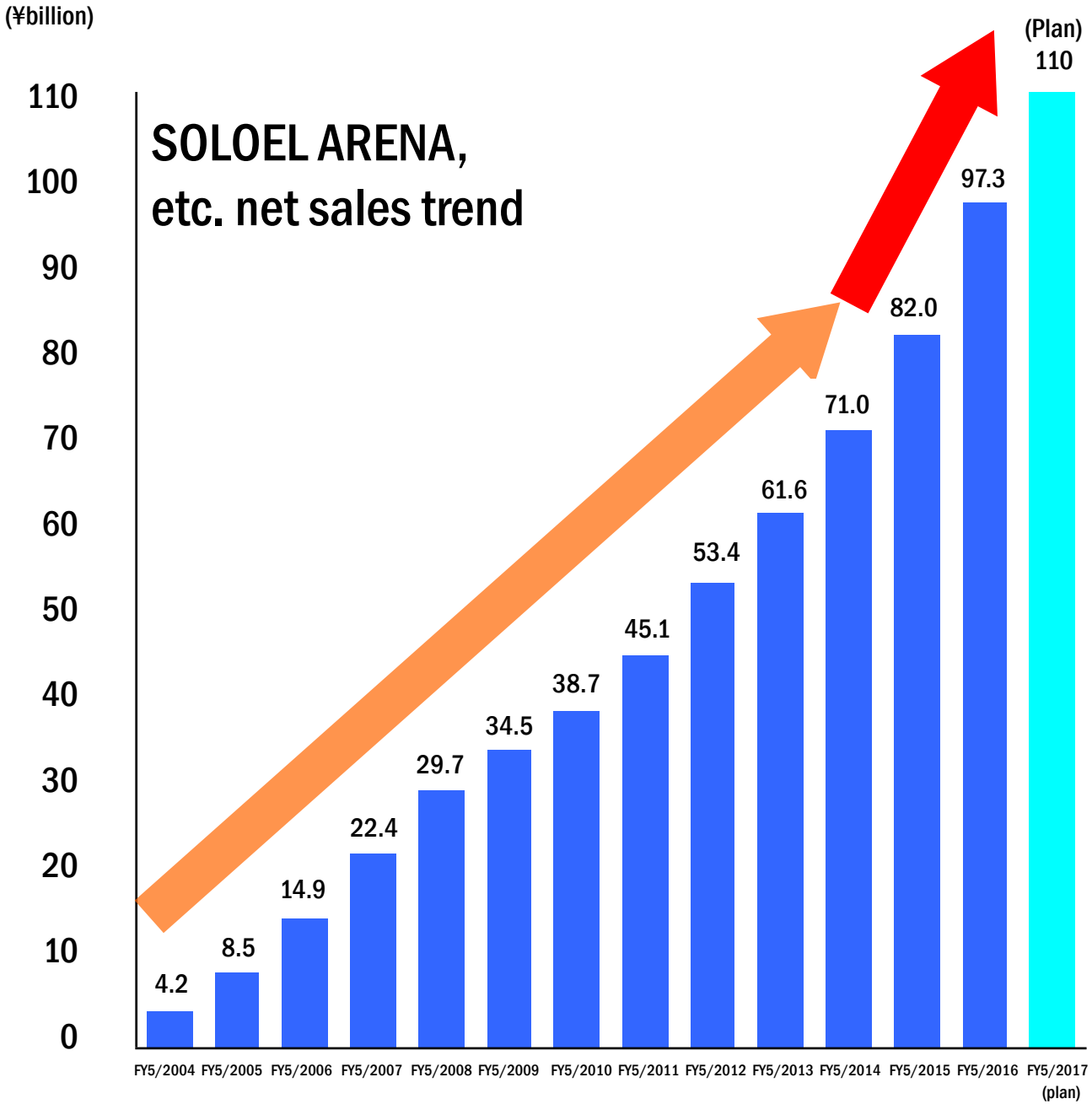

To further enhance primarily nursing care products

Evolve Website with Synergies of Big Data x AI



Strengthen 1-to-1

Evolution of Electronic Purchasing System Website SOLOEL ARENA



Accelerating growth through evolution of 1-to-1 websites

We aim to achieve

¥110 billion

in FY5/2017



B-to-B business aims to become absolute No.1 in all workplaces with EC technology and product lineup expansion

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III Strengthening of EC Technology

IV Advancement of Platform

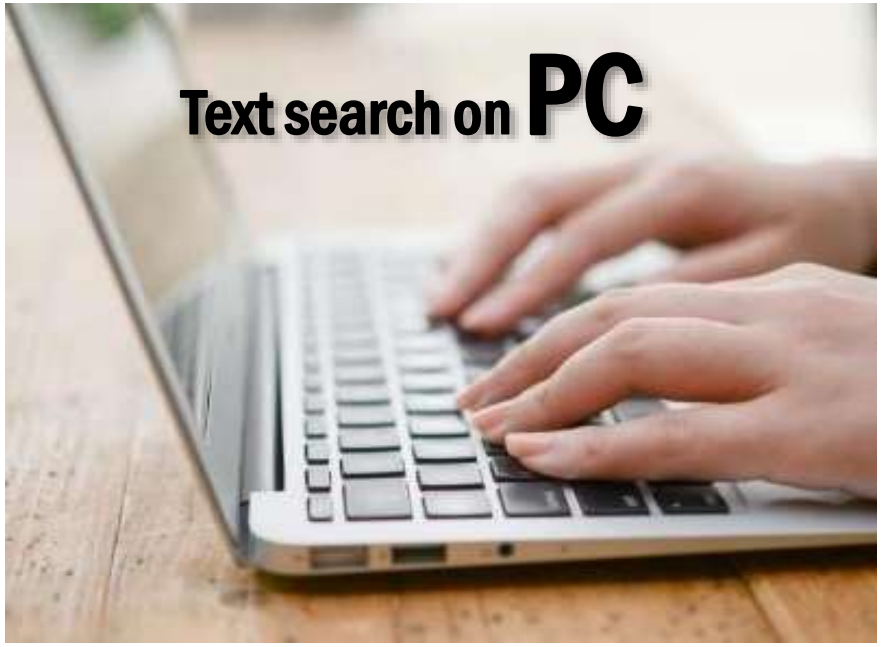
V B-to-B Business Strategy

VI LOHACO Business Strategy


LOHACO
今日も、
ロハコで
買ってます。
「あ、買わなくちゃ」も、「これ、欲しいんだよね」も、通勤時間にすませてます。
ロハコ 検索 http://lohaco.jp

1st generation

Long-tail EC
for purchasing single hobby items







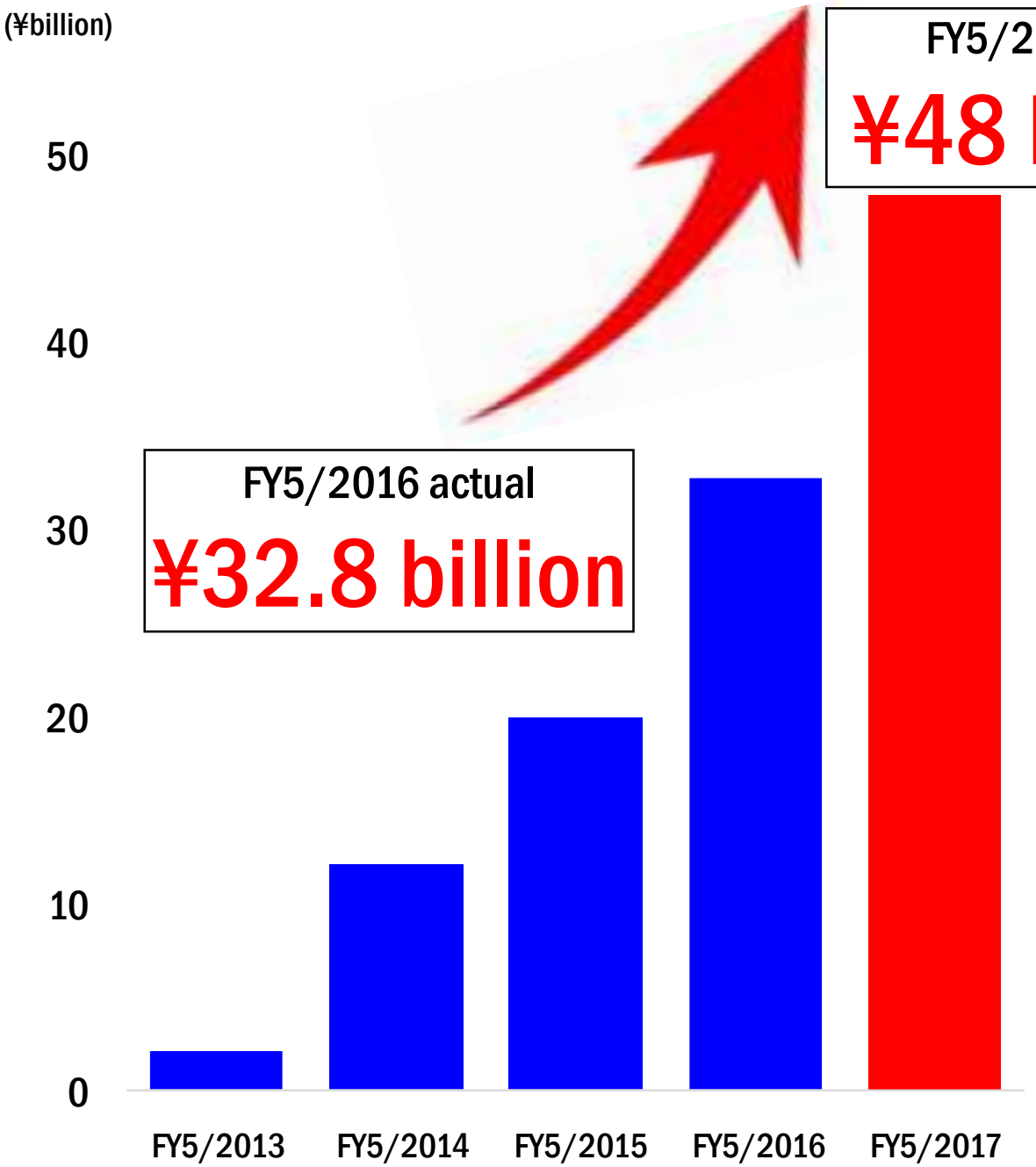

2nd generation

Daily use EC
whenever, wherever





Net Sales Trend of LOHACO



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

Drastically expanding net sales

Starting in June, Implementing More LOHACO Visibility Improvement Measures

New TV commercials

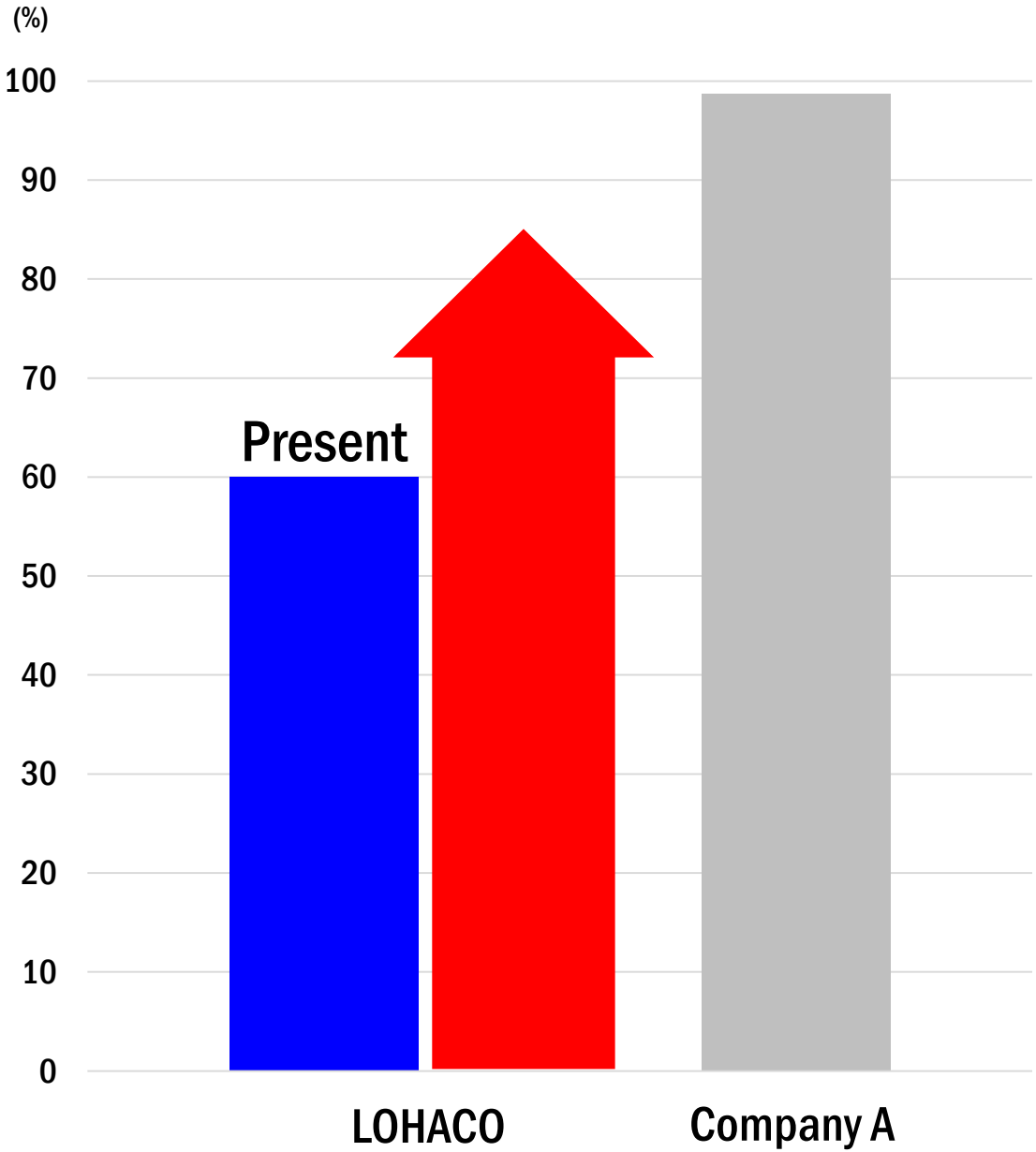
Again aired primarily in major metropolitan areas
Further improving brand visibility
+ Appealing its service



Buying up ad space of entire train

Expanding into 4 lines in Tokyo metropolitan area
(JR Yamanote Line, Chuo Line rapid, Tokyu Den-en-toshi Line, Tokyu Toyoko Line)
Product tie-up ads
with 17 manufacturers participating in Marketing Lab





Aim for

85%

of brand visibility*

*Brand visibility of LOHACO: aided recall, based on ASKUL's brand survey


Growth engine for becoming
No. 1 in the second-generation e-commerce
E-commerce Marketing
Lab

E-commerce Marketing Lab Member Manufacturers Are Spearheading Growth

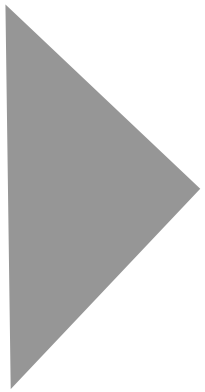
FY5/2016 LOHACO net sales result

2nd-term member manufacturers

(average of 55 companies)

Overall

YoY up 64%



YoY up 101%

Start of Third Term Activities of LOHACO E-commerce Marketing Lab

From 55 companies to 99

[Companies participating in the third term]
Asahi Soft Drinks Co., Ltd., Asahi Kasei Home Products Corporation, Asahi Healthcare Business Unit of Asahi Group Foods, Ltd.,
Wakodo Business Unit of Asahi Group Foods, Ltd., Asahi Breweries, Ltd., Ajinomoto Co., Inc., AJINOMOTO GENERAL FOODS, INC.,
Anheuser-Busch InBev Japan KK, S. Ishimitsu & Co., Ltd., ITOCHU-SHOKUHIN Co., Ltd., ITO EN, LTD., Ujinotsuyu Seicha Co., Ltd., Ezaki Glico Co., Ltd.,
SSK Sales Co., Ltd., SSP Co., Ltd., ST Trading Corporation, S&B Foods Inc., NS FaFa Japan Co., Ltd. , Oji Nepia Co., Ltd., Otsuka Pharmaceutical Co., Ltd.,
ORBIS Inc., Kao Group 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, Kewpie Corporation, Kirin Brewery Company, Limited, Kirin Beverage Company, Limited,
KING JIM CO., LTD., Gekkeikan Sake Co., Ltd., Koikeya Co., Ltd., Coca-Cola Customer Marketing Company, Limited, KOKUYO Co., Ltd.,
KOBAYASHI PHARMACEUTICAL CO., LTD., THERMOS K.K., Sapporo Breweries Ltd., Suntory Liquors Limited, Suntory Foods Limited, Shiseido Japan Co., Ltd.,
Shachihata Inc., JOHNSON COMPANY, LIMITED, Johnson & Johnson K.K. Consumer Company, 3M Japan Limited, ZEBRA CO., LTD.,
DAIICHI SANKYO HEALTHCARE CO., LTD. , DAIO PAPER CORPORATION, Taisho Pharmaceutical Co., Ltd., DAINIHON JOCHUGIKU Co., Ltd.,
TAIHO PHARMACEUTICAL CO., LTD., TOKIWA Pharmaceutical Co., Ltd., TOMBOW PENCIL CO., LTD., Nagatanien Co., Ltd., NICHIBAN CO., LTD.,
NISSIN CISCO CO., LTD., NISSIN FOOD PRODUCTS CO., LTD., Kellogg Japan G.K., Nippon Paper Crecia Co., Ltd., Hill's-Colgate (JAPAN)Ltd. , Nihon L'Oréal K.K.,
Nature's Way Co., Ltd., Nestlé Japan Ltd., NatureLab. Co., Ltd., HABA Laboratories, Inc., HOUSE WELLNESS FOODS CORPORATION, HOUSE FOODS CORPORATION,
Harada Tea Processing Co., Ltd., Hikari Miso Co., Ltd., FANCL CORPORATION, FUJIFILM Corporation, PLUS Corp. Stationery Company,
The Procter & Gamble Company of Japan Limited, Pentel Co., Ltd., POKKA SAPPORO Food & Beverage Ltd., Mars Japan Limited, Marukome Co., Ltd.,
Maruha Nichiro Corporation, Mizkan Co., Ltd., Isetan Mitsukoshi Holdings Ltd., Mitsubishi Pencil Tokyo Hanbai Co., Ltd., Meiji Co., Ltd., Melodian Co., Ltd.,
MORINAGA & CO., LTD., YAMAZAKI Corporation, UCC UESHIMA COFFEE CO., LTD., Unicharm Corporation, Universal Paper Co., Ltd.,
Unilever Japan Customer Marketing K.K., Lion Corporation, LION TRADING Co., Ltd., Ryohin Keikaku Co., Ltd., Reckitt Benckiser Japan Ltd., LEC, Inc.,
ROHTO Pharmaceutical Co., Ltd., Lotte Co.,Ltd., Wacoal Corp.
(Honorifics omitted; in Japanese syllabary order; companies in red letters are the new lab participants)

Large-scale CM-linked Marketing Promotion with the Cooperation of Participating Manufacturers





Participation of **73** manufacturers, offering about **2,500** items

Following SK-II, Shiseido Opens Authorized Online Shop

SK-II official online shop



Shiseido cosmetic counseling authorized shop



Expands to **48** cosmetics manufacturers and more than **100** brands

LOHACO to become No.1 in 2nd generation e-commerce through joint creation with manufacturers and improvement of visibility

Appendix

FY5/2016 Business Performance (Actual) Supplement

FY5/2016 Net Sales by Product Category

Non-consolidated

	FY5/2015		FY5/2016	
	¥billion	YoY change %	¥billion	YoY change %
OA&PC	88.1	+0.8	92.6	+5.1
Stationery	39.2	+4.0	42.0	+7.2
Living Supplies	68.8	+22.0	87.6	+27.3
Furniture	20.7	+7.7	22.1	+6.7
MRO	21.6	+13.8	25.2	+16.2
Others (Medical, etc.)	16.2	+5.6	18.6	+14.9
Total	254.9	+8.4	288.3	+13.1

Non-consolidated net sales were also a record

Continued with double-digit growth in focus products

Factors Affecting FY5/2016 Consolidated Net Sales

FY5/2015 (actual)

Net sales ¥276.7 billion

YoY change +¥23.5 billion

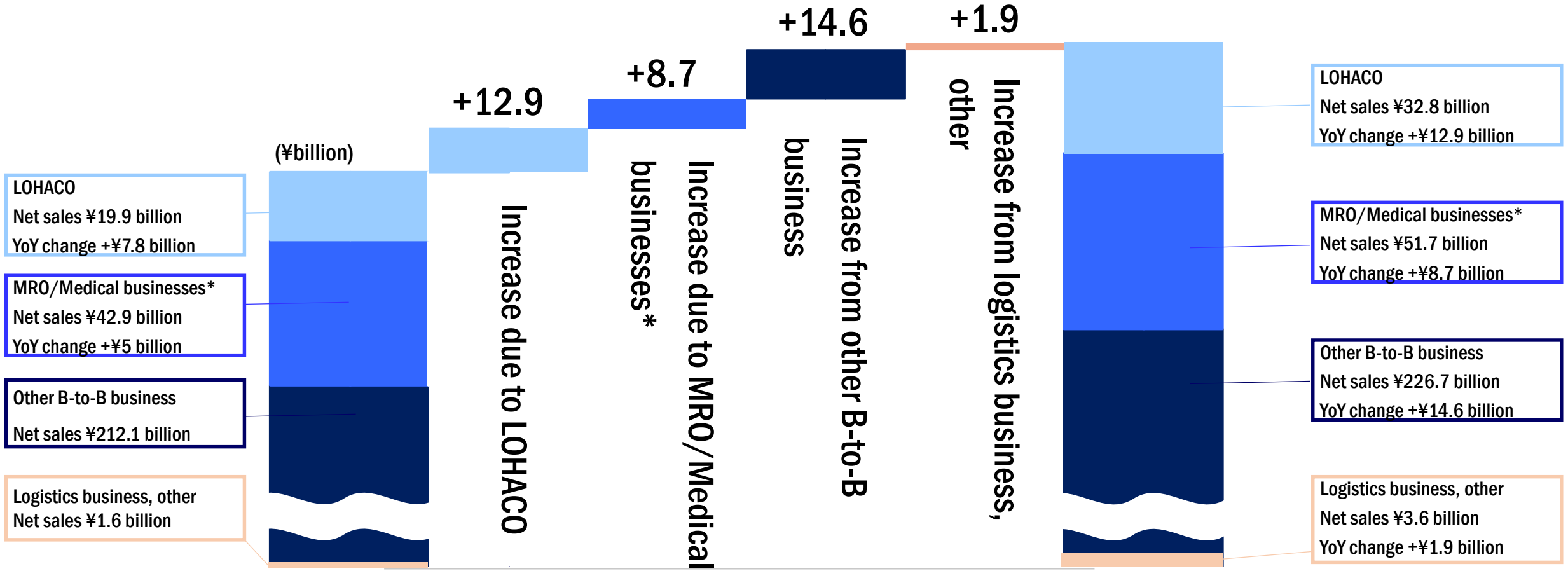
YoY growth +9.2%

FY5/2016 (actual)

Net sales ¥315 billion

YoY change +¥38.2 billion

YoY growth +13.8%

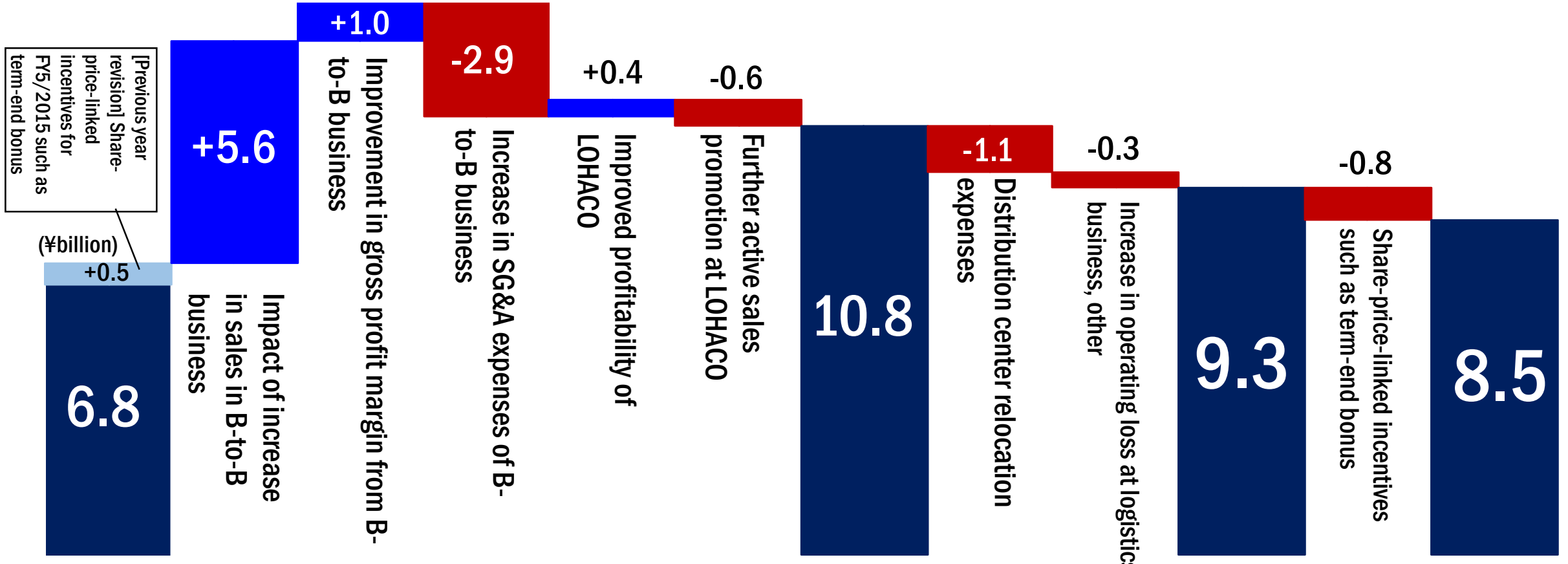


*MRO/Medical businesses do not include LOHACO portion

Factors Affecting FY5/2016 Consolidated Operating Income

FY5/2015 (actual)
Net sales growth YoY +9.2%
Gross profit margin 22.0%
SG&A expense ratio 19.5%

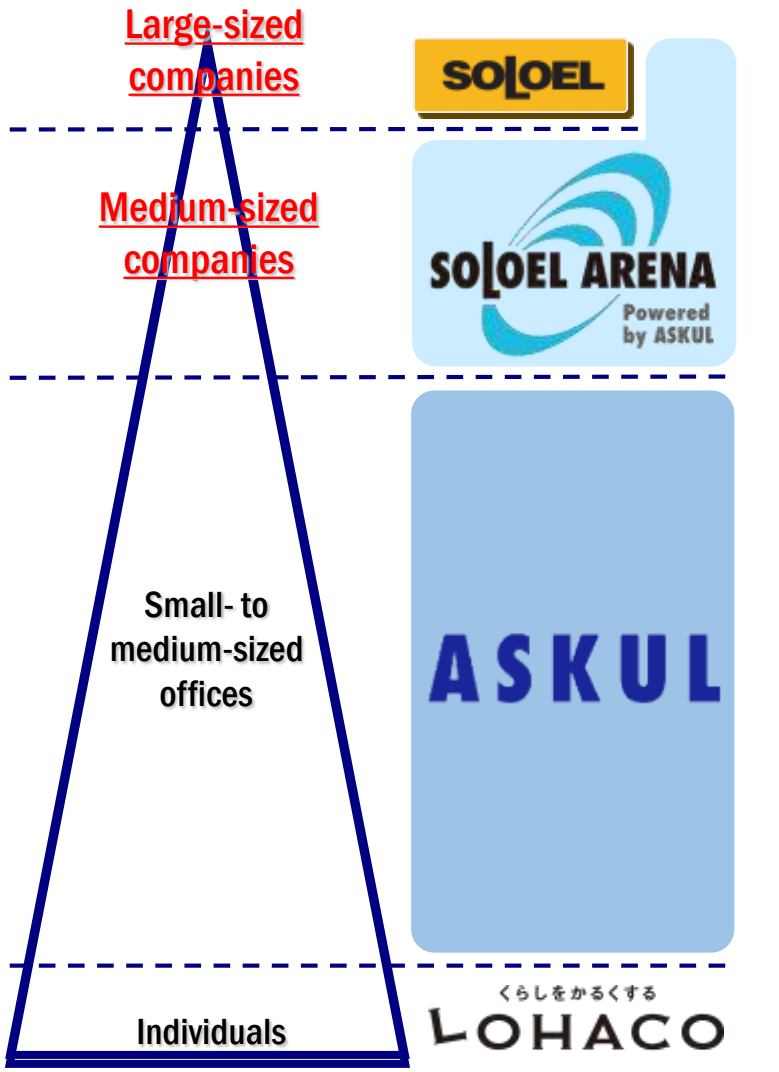
FY5/2016 (actual)
Net sales growth YoY +13.8%
Gross profit margin 22.3%
SG&A expense ratio 19.6%

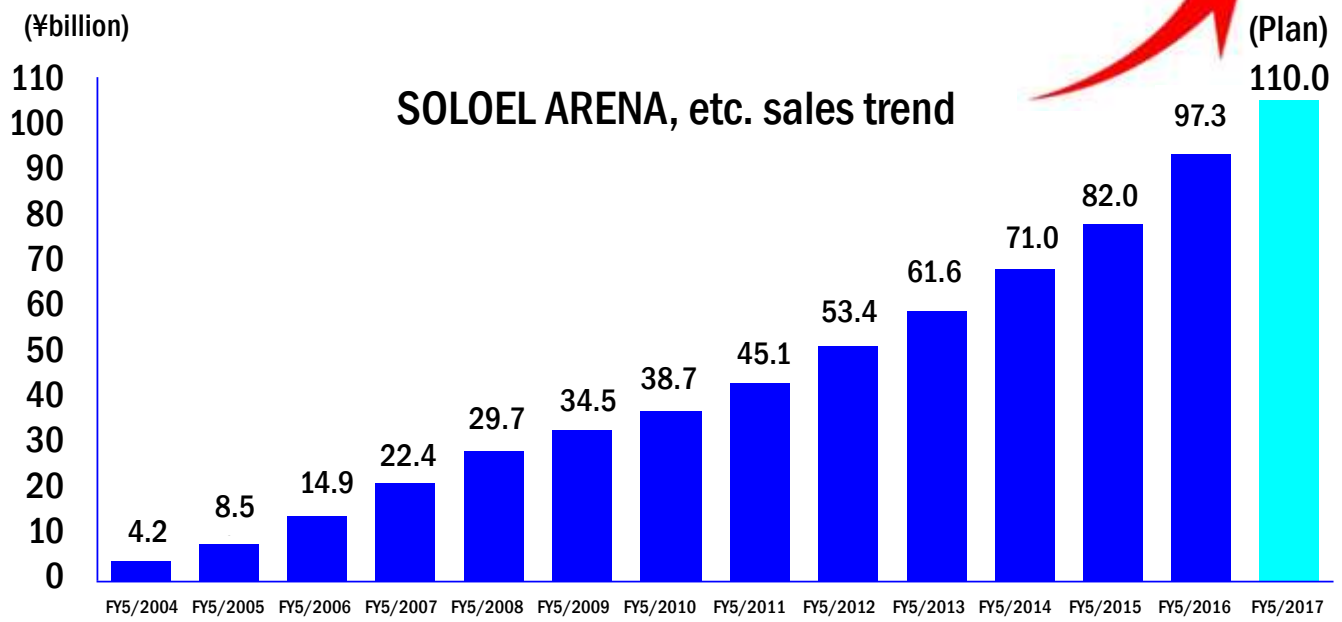


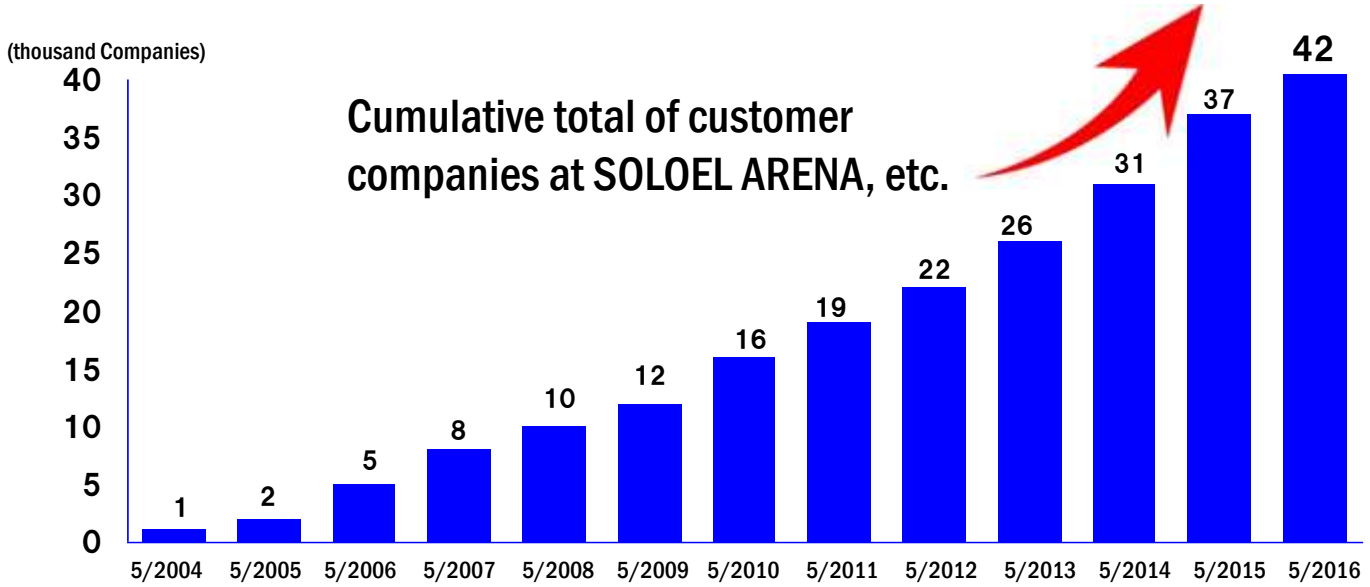
FY5/2015 operating income (actual) ¥6.8 billion

FY5/2016 operating income (actual) ¥8.5 billion

SOLOEL ARENA Expanding Steadily







FY5/2016 Consolidated Gross Profit, SG&A Expenses

Gross profit: ¥70.3 billion YoY change: +¥9.5 billion

Gross profit margin: 22.3% YoY change: +0.3 p.p.

- Continued procurement cost reduction activities, synergies between B-to-B business and LOHACO (volume increase), price revision (firmly maintaining competitive edge)

<Quarterly trend of gross profit margin>

1Q: 22.8%　2Q: 22.6%　3Q: 21.9%　4Q: 22.1%

SG&A expenses: ¥61.8 billion YoY change: +¥7.8 billion

Ratio of SG&A expenses to net sales: 19.6% YoY change: +0.1 p.p.

- Grew more or less at the same rate as the Group promoted the KAIZEN Activity Project and reduced fixed costs even as it made advance investments for further growth including sales promotion expenses and distribution center relocation expenses

<Quarterly trend of the ratio of SG&A expenses to net sales>

1Q: 18.8%　2Q: 20.6%　3Q: 18.9%　4Q: 20.1%

<Breakdown of main factors causing increase in SG&A expenses>

- Shipment expenses: +¥2.83 billion
- Business consignment expenses: +¥1.91 billion

<Breakdown of main factors causing fixed cost reduction>

- Amortization of software : -¥0.5 billion
- Subcontract expenses: -¥0.12 billion

FY5/2016 Consolidated Capital Expenditures

Capital expenditures: ¥10.5 billion (Annual plan: ¥13.2 billion)

ASKUL Logi PARK Yokohama logistics base enhancement ¥4.0 billion

ASKUL Logi PARK Fukuoka logistics base enhancement ¥3.9 billion

(Ref.) Depreciation and amortization of software: ¥3.6 billion (Annual plan: ¥3.8 billion)

Investment details

(¥million)

Item	FY5/2015	FY5/2016	
	Amount	Amount	YoY change
[Capital expenditures] Note 2	4,528	10,528	+132.5%
Property, plant and equipment Note 2	2,975	8,292	+178.7%
Intangible assets	1,553	2,235	+43.9%
Construction in progress Note 3	2,212	215	-90.3%
Software in progress Note 3	491	562	+14.5%

Notes

1. Capital expenditures are stated on an accrual basis and do not reflect reductions.
2. Expenditures for FY5/2016 are high due to recording of investment in ASKUL Logi PARK Fukuoka and ASKUL Logi PARK Yokohama.
3. Construction in progress and software in progress partially include consumption and other taxes.

FY5/2016 Share of Orders Placed on the Internet in Net Sales, ASKUL Original Products

Share of orders placed on the Internet in net sales

	FY5/2015	FY5/2016	YoY change
Orders via the Internet	76.7%	78.8%	+2.1p.p.
Other	23.3%	21.2%	-2.1p.p.

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

ASKUL original products

(items)

	May 2015 (single month)	May 2016 (single month)	YoY change
Number of original products	5,793	7,472	+1,679
Share in non-consolidated net sales	17.3%	17.8%	+0.5p.p.
(of which B-to-B business)	(18.9%)	(19.8%)	(+0.9p.p.)

Notes:

1. The figures above are the results for the month of May 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. Each figure includes the products listed in Medical & Care Catalogs, Medical Pro Catalogs, and MRO Catalogs.

FY5/2017 Business Performance (Plan) Supplement

Main Factors Affecting FY5/2017 Consolidated Net Sales (Plan)

FY5/2016 (actual)

Net sales ¥315 billion

YoY change +¥38.2 billion

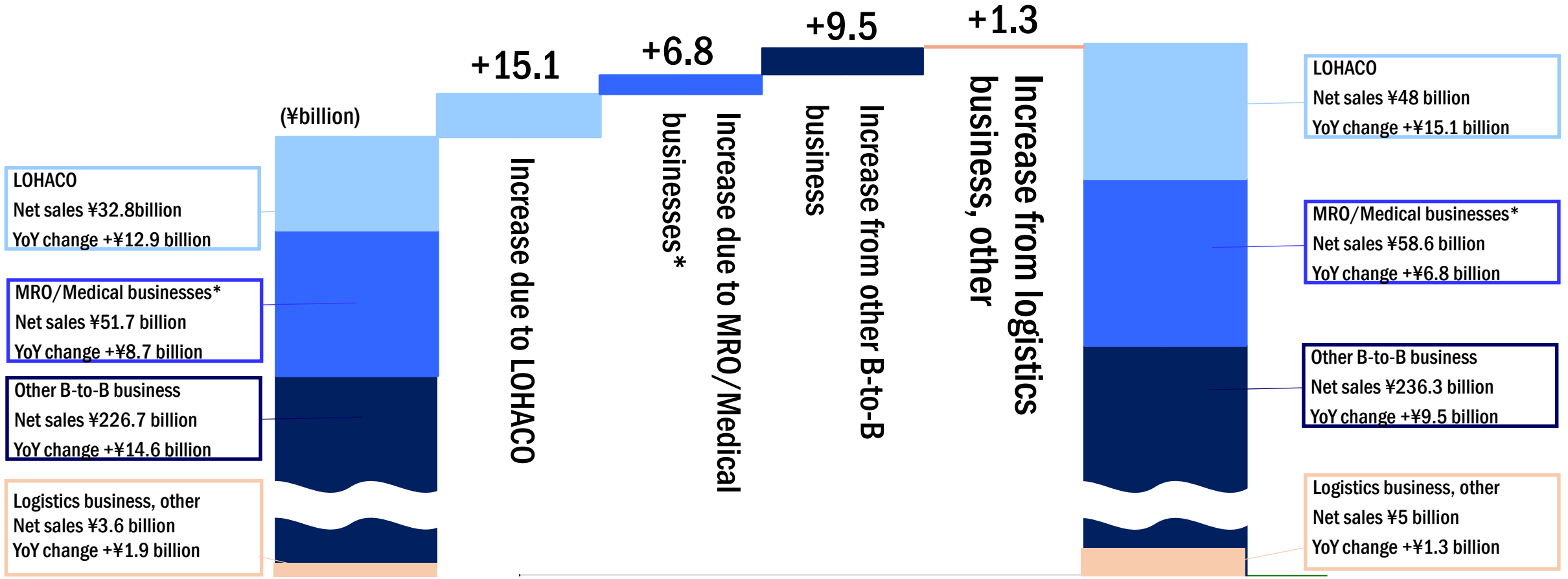
YoY growth +13.8%

FY5/2017 (plan)

Net sales ¥348 billion

YoY change +¥32.9 billion

YoY growth +10.5%

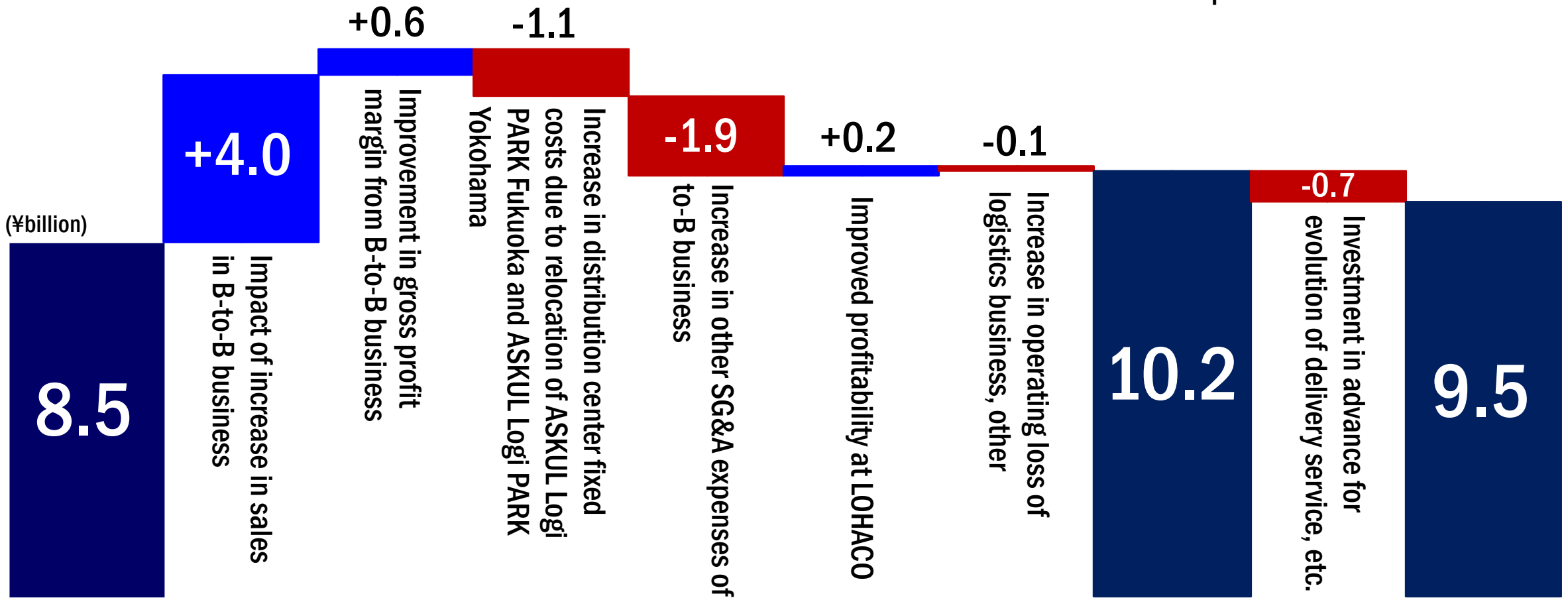


*MRO/Medical businesses do not include LOHACO portion

Main Factors Affecting FY5/2017 Consolidated Operating Income (Plan)

FY5/2016 (actual)
Net sales growth YoY +13.8%
Gross profit margin 22.3%
SG&A expense ratio 19.6%

FY5/2017 (plan)
Net sales growth YoY +10.5%
Gross profit margin 22.7%
SG&A expense ratio 20.0%



FY5/2016 operating income (actual) ¥8.5 billion

FY5/2017 operating income (plan) ¥9.5 billion

FY5/2017 Consolidated Capital Expenditure (Plan)

Capital expenditure ¥6.4 billion

[Breakdown]

- ASKUL Logi PARK Tokyo Metropolitan logistics base enhancement ¥0.7 billion
- Tsumagoi Meisui production line enhancement ¥0.4 billion
- Medical website integration ¥0.3 billion

(Ref.) Depreciation and amortization of software: ¥4.6 billion
(YoY change: + ¥1 billion)